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3 May 1985

INTER-AMERICAN AFFAIRS

IMPORTANCE OF VENEZUELAN-COLOMBIAN NAVIGATION PROJECT VIEWED

Caracas EL DIARIO DE CARACAS in Spanish 7 Mar 85 pp 32-33

[Article by Miguel Angel Burelli Rivas, Paul Georgescu Pipera and Constantino Georgescu Pipera]

[Text] The so-called "Orinoco-Meta Project" (POM) seeks to develop navigation on these two rivers in order to materialize the interoceanic Delta Amacuro to the Atlantic and with Buenaventura (in Colombia) to the Pacific.

Long used in the past, that river route is of even greater importance today due to the facility it provides for economic trade between Colombia and Venezuela. The waterway can be used to transport steel and aluminum products made in Puerto Ordaz (Venezuela) over a distance of nearly 1,600 kilometers to Puerto Lopez (Colombia) and from there, overland only 200 kilometers to Bogota. In the opposite direction, boats can return to Venezuela loaded with agricultural products, lumber, coal for coke, and so on.

Studies and actual tests have shown that if this activity were implemented, in the case of steel and aluminum products, transport costs are reduced by \$40 to \$50 a ton, compared with maritime transport. Likewise, one must consider the great socioeconomic benefits to people in the area resulting from the establishment of a continuous flow of river traffic that could greatly improve transportation in this flatlands area.

In addition, considering existing communications (roads and railroad) between Bogota and Puerto Buenaventura on the Pacific, if one would use the Orinoco-Meta route, one would obtain a new Atlantic-Pacific interoceanic communication from the Delta Amacuro to Buenaventura that would be only 2,668 kilometers long and of great importance to the economy and geopolitics of the region and the continent.

Background

The discovery of the Orinoco in the 16th century meant the beginning of the penetration of the flatlands and the first demonstration of the indissoluble physical ties between the valley and its tributary, the Rio Meta. The Spaniards, first of all, those who came from Coro or down the Orinoco and later, those who came from the Andes from Santa Fe de Bogota toward the ocean, used its waters to sail toward Trinidad and Europe.

But since these regions concealed neither gold nor precious stones, the conquistadores gradually withdrew and in their place came the missionaries and the clergy, who managed, through faith and patience, to partially pacify the indomitable inhabitants of the flatlands. The decree of Carlos III of 1767, following the expulsion of the Jesuits, resulted in everything returning to oblivion and barbarity.

In 1811, canon Cortes de Madariaga, apologist for the idea of the fluvial integration of our two countries, a "Chilean by birth but Venezuelan by feeling," managed, through great personal efforts and facing the greatest dangers, to go from Santa Fe de Bogota to Calabozo, Venezuela, in something under a month. At the time of his trip, commercial trade between Venezuela and Santa Fe only occurred through Maracaibo, and Madariaga emphasized the serious harm this fact represented for regional commerce. As a good analyst, he made a comparison between this route and that of Cartagena, where one would take the waters of the Rio Magdalena, and concluded that of the two possibilities, the Meta route was preferable in order to link Venezuela's trade with the provinces of Cundinamarca, Popayan, Quito and its neighboring cantons.

Shortly thereafter, a group of scientists headed by Peruvian naturalist Mariano Eduardo Rivero completed 3 years of studies and explorations of the Orinoco and Meta rivers, publishing their conclusions in Lima in 1825, entitled "Natural Sciences Memorial." Simon Bolivar, who was informed of the work, approved of and supported the ideas expressed, convinced of their importance to the future of the countries and the joint development of navigation of the two rivers.

However, efforts made to implement communications between the Orinoco and the Meta were dealt a mortal blow in 1830 with the secession of the territory of Greater Colombia, created by Bolivar. Nevertheless, despite all the difficulties and the opposition of some circles, a number of decrees and treaties on trade and navigation were signed during the remaining years of the century, seeking a legal way to restore these logical, necessary and indispensable ties so vital to the harmonious development of such extensive and rich common zones.

In this century, several attempts have been made to develop river transport on the Orinoco and Meta rivers, but only in recent years have any real possibilities of implementing this important project in the near future been glimpsed. This opportunity is due to the economic development of the region of the Venezuelan Guayana and the Cundinamarca in Colombia and to the interest both countries would have in increasing commercial trade between the two regions. It is of the greatest importance that the project would contribute to the physical integration of the continent.

Orinoco-Meta Project

The guiding idea of the Orinoco-Meta project resides in the accomplishment of useful river navigation between Venezuela and Colombia, utilizing the waters of those rivers. This can practically be done now over a distance of nearly 1,900 kilometers between Boca Grande (Amacuro-Orinoco Delta) and Puerto Lopez (Meta).

The following situation prevails on the Orinoco River along the 1,026 kilometers between its delta and Puerto Paez:

Practice confirms that for 8 months of the year, between April and November, the rivers can be navigated by vessels having from 4 to 5 feet of draft and convoys carrying up to 2,500 tons can be used. The authors of this article verified this fact on the trip made with the "Niculina," with a draft of 3 feet, going on the Meta from Puerto Lopez to Puerto Carreno in December 1981 with practically no problem at all.

Naturally, it is necessary to maintain and improve the channel of navigation.

Orinoco River: The maintenance which the Venezuelan National Institute of Canalization is practicing on the Boca Grande-Puerto Ordaz section must be continued.

Concerning the project involving the working of the Pijiguaos bauxite, work of cleaning out the Orinoco channel and the reparation of dangerous sections such as the Cariven rapids, and so on, will make it possible for navigational conditions to be improved as far as Ventana and from there, at little cost, to Puerto Paez.

Meta River: On the international waters common to Colombia and Venezuela, the main work involves the areas of Trapichote (a section 2 kilometers long), Buenavista (1 kilometer), Trapichito (under 1 kilometer) and three or four sections measuring under 1 kilometer. In Colombian waters, a total of some 6 kilometers of the channel must be fixed in the areas of San Jorge, Voragina, Guachiria, Macucuana and 7 or 8 other sections.

In addition, it is necessary to improve existing port facilities and the proper customs must be set up in Puerto Paez (Venezuela) and Puerto Carreno (Colombia). Arrangements and flexible rules must be established for navigation, documents, insurance, and so on.

Future development of this waterway and its integration into highway and communications systems existing in the two countries will decide what other ports must be developed.

The economic advantages of implementing this river artery are obvious and include the following:

the opening of a new cheap and direct means of transportation for trading of iron and steel products, aluminum, from Venezuela to Colombia and, in the opposite direction, of agricultural products, coal for coke, lumber, and so on, from Colombia to Venezuela;

relieving the congestion of roads in both countries, with the resulting reduction in environmental pollution, which action is helped by the integral development of the Orinoco and Meta valleys; and

help in solving border problems of the two countries.

Navigation on the Orinoco River

<u>Section</u>	<u>Length (km)</u>	<u>Possibility of Navigation</u>
Boca Grande-Puerto Ordaz	303	Oceanic navigation; channel with good maintenance; draft 10-12 meters; no buoys
Puerto Ordaz-Ciudad Bolivar	83	All year round; average draft of 2.5 meters; inadequate buoys
Ciudad Bolivar-Puerto Paez	640	Year round; draft of 2.5 to 1.5 meters; no buoys

In general, there is an important element of physical-regional integration of these two countries belonging to the Andean Pact that must be put to the best use immediately.

As an eloquent example to illustrate the mentioned economic advantages, one might point out that in the transport of iron and steel products on the Orinoco to Bogota using the Orinoco-Meta, there is a reduction of some \$40 to \$50 a ton compared with the price of maritime transport.

Amacuro Delta-Puerto Buenaventura

In order to go from the ports of the Atlantic or the Caribbean to the Pacific and vice versa, vessels of any nationality must make long maritime detours of thousands of kilometers and go through the Panama Canal, with the added problem that, in addition to being very costly, any difficulty in the operation of the canal interrupts communications.

Another obvious, more suitable and perfectly safe solution is presented if one considers extension of the Orinoco-Meta waterway to Puerto Buenaventura on the Pacific, using overland transport (roads and railroad) already in existence between Puerto Lopez-Bogota-Puerto Buenaventura.

In this way, there is a multimodal means of transportation from the Atlantic to the Pacific.

A brief technical analysis shows that the length of this interoceanic route, 2,668 kilometers, is distributed as follows:

- a) river: 1,889 kilometers, as shown in the preceding paragraph;
- b) by road: 779 kilometers as follows: Puerto Lopez-Bogota, 230 kilometers; Bogota-Ibague-Armenia-Buga-Buenaventura, 549 kilometers;
- c) railroad: overland alternative that can be used between Bogota and Buenaventura using the existing Bogota-Medellin-Cali-Buenaventura road. This alternative can be greatly shortened if Ibague and Armenia were connected.

The economic advantages resulting from the implementation of this interoceanic route would benefit the entire South American community. It is the shortest

route in the northern region of the continent. Naturally, for the countries using it: Colombia and Venezuela, the advantages will be even greater.

Atlantic-Pacific Connections

<u>Name</u>	<u>Length (km)/River</u>	<u>Highway</u>	<u>Rail</u>	<u>Total</u>
Orinoco Delta, Venezuela Puerto Buenaventura, Col.	1,889 Orinoco and Meta	779 230	549	2,668
Belem do Para, Brazil San Lorenzo, Ecuador	4,535 Putumayo and Amazon	477	373	5,385
Belem do Para, Brazil Chiclayo, Peru	4,796 Maranon and Amazon	700		5,496
Santos, Brazil Mollendo, Peru		350	2,550	2,900
Buenos Aires, Argentina Valparaiso, Chile		180	1,050	1,230

Navigation on the Meta River

On the Meta River, from Puerto Ordaz to the terminal port, Puerto Lopez, 863 kilometers, the situation is as follows:

<u>Section</u>	<u>Length</u>	<u>Navigational Possibility</u>
Puerto Paez-Nueva Antioquia	296	Year round; minimum draft, 1.5 meters; no buoys
Nueva Antioquia	300	Year round; minimum draft 1 meter; no buoys
Orocue-Puerto Lopez	267	Year round; minimum draft approx. .70 meter; no buoys

We deem it to be of prime importance that distances would be reduced and there would be much greater geopolitical guarantees, since it would no longer be necessary to depend on the Panama Canal and it would be possible to trade products from the Pacific Coast with those from the Atlantic. For their part, Venezuela and Colombia would develop and improve existing facilities and would benefit from all the resulting transit. Satisfactory settlement of the Esequibo dispute would be of great importance to the development of this joint Colombian-Venezuelan project, insofar as the proper restitution of territories arbitrarily taken away from the Amacuro Delta would completely open up the Orinoco Basin to navigation.

On the whole, the physical integration of the continent would take a huge step forward.

To gain an appreciation of the continental importance of the Amacuro Delta-Puerto Buenaventura interoceanic connection, the map [not reproduced] and the tables present the proposals and basic characteristics of other interoceanic paths of communication that can be implemented on the continent. An analysis of the figures shows the advantages of the Amacuro-Buenaventura Interoceanic Connection (VIAB).

Conclusions

The project for the useful navigation of the Orinoco and Meta rivers is feasible in the near future at a relatively small cost, using navigable waterways and without requiring major dredging and maintenance work. At the same time, it is possible to use existing facilities, that will be gradually improved and expanded, insofar as the startup of the project yields its benefits.

The Amacuro Delta-Buenaventura Interoceanic Connection represents a logical and immediate extension of the Orinoco-Meta waterway, integrating that river artery into already existing means of overland transportation between Puerto Lopez and Puerto Buenaventura.

In addition to easing trade between Colombia and Venezuela, the completion of these projects would help improve the flow of goods throughout the continent, essentially contributing to the physical integration of South America.

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3 May 1985

INTER-AMERICAN AFFAIRS

ITAIPU DAM BEGINS ENERGY SUPPLY TO PARAGUAY, BRAZIL

Asuncion ULTIMA HORA in Spanish 4 Mar 85 p 11

[Text] Ten states of Brazil in the central eastern, southern and southeastern regions have been receiving power from Itaipu since its recent official opening. The plant is considered to be indispensable in Brazil and will take in some \$140 million for the sale of energy this year. It will soon sign a contract for the sale of housing.

The largest hydroelectric powerplant in the world, the Itaipu binational has already begun the commercial distribution of energy to ten Brazilian states, according to an EFE cable from San Pablo.

The bulletin states that "the dam was built in partnership with Paraguay and is located in the city of Foz de Yguazu in the state of Parana. The hydroelectric plant will use a total of \$690 million this year for the continuation of its projects.

"An estimated \$15 billion will be invested in the in the hydroelectric plant, which has placed 2 of the 18 turbines planned in the initial phase into operation."

Itaipu officials have stated that with the beginning of commercial operations, some \$140 million may be collected this year, the EFE cable states. The entire project should be completed by 1990.

In the face of criticism leveled at the plant, deeming it to be unnecessary and excessively large, the state electric company ELETROBRAS said today that it is a fundamental project to supply the energy the country will need in the future.

According to research by the enterprise, demand for energy has risen this past year by 12 percent throughout Brazil and an even faster increase is predicted for the coming years.

The binational Itaipu is now distributing some 200,000 kilowatt/hours from the first turbine for Paraguay. The remaining 500,000 kilowatts from the first turbine, plus the 700,000 from the second, are sent to Brazilian states in the southern, southeastern and central western regions.

With power distributed at a cost of \$.0017 per kilowatt-hour, the third and fourth turbines could be installed before the end of the year, the bulletin also states.

Contract Signed

In the coming days, a contract will be signed between Itaipu and the Paraguayan Institute of Housing and City Planning (IPVU) for the marketing of 652 housing units located in Presidente Franco, Presidente Stroessner and Hernandarias in Upper Parana, units belonging to the binational organization. It is thought that the housing units will be sold at modest prices, as announced at a recent meeting.

11,464

CSO: 3348/522

INTER-AMERICAN AFFAIRS

BRIEFS

CARTAGENA GROUP STILL FUNCTIONING--Foreign Minister Jaime del Valle revealed yesterday that the Cartagena Group is still functioning. It has not yet finished its work. He was referring to the proposal by Argentine President Raul Alfonsin to hold a Latin American summit meeting at the end of the year to discuss the financial, economic and political problems that affect the region. Alfonsin repeated this proposal during his current official visit to Mexico. Minister Del Valle indicated: "It has not been officially convoked. It is merely an internal proposal by Argentina. When it is made official, Chile will respond." Nevertheless, the minister indicated: "This type of meeting is never harmful. However, there is still an organization functioning, the Cartagena Group, which has not finished its work." He added that it is a debatable topic. A meeting of presidents in the region could be useful. The political undersecretary of the Ecuadoran Foreign Ministry, Diego Paredes, is in the country now. He stated: "Every initiative that leads to direct communication among the chiefs of state and the major political leaders is positive." He added: "The Argentine president's initiative is very positive. If it can become reality in the immediate future, Ecuador will support it." [Text] [Santiago EL MERCURIO in Spanish 28 Mar 85 p C-3] 7717

COLOMBIA, HAITI EXPLORE COOPERATION--The governments of Colombia and Haiti began a series of talks with a view to exploring ways to expand reciprocal cooperation, especially in the economic, commercial and technical spheres. The foreign minister of that Caribbean nation, Jean Robert Stime, arrived in this country for that purpose. He will be here for 3 days on an official visit, during which time he will hold talks with the Colombian Government and private sector. He will meet with President Belisario Betancur, the ministers of foreign relations and economic development, and the directors of the Foreign Trade Institute (INCOMEX), the Export Promotion Fund (PROEXPO), the Confederation of Chambers of Commerce (CONFECAMARAS), and PRODECO [expansion unknown], as well as other government and private sectors. [Text] [Bogota EL TIEMPO in Spanish 28 Mar 85 p 10-B] 8926

CARTAGENA GROUP SUBREGIONAL MEET---Lima---Pedro Carmona, coordinator of the Board (the technical agency of the Cartagena Agreement), announced today in Lima that a meeting of the integration ministers of that subregional organization's member countries will be held on 8 April in Cartagena. At that meeting, which follows two preliminary gatherings held recently in Lima (headquarters of the Board), negotiations will begin on the Protocol to Modify the Andean Pact, stated the high official upon returning today from Caracas. He said that the meeting will be held under very auspicious circumstances, given that for the first time in the history of the Cartagena Agreement all member countries have democratic governments. [Text] [Bogota EL TIEMPO in Spanish 31 Mar 85 p 3-A] 8926

CSO: 3348/568

ARGENTINA

BRIEFS

EASTERN NATIONS PROMOTE TOURISM--On the occasion of the opening of the 1985 spring-summer tourist season for the Soviet Union, Czechoslovakia and Hungary, the Five Pearls consortium held a meeting at the Plaza Hotel during which matters relating to the immense potential for tourist exchange offered by those destinations were analyzed. Among the authorities present were the Intourist, Inc, Latin American department director for foreign tourism to the USSR, Ludmila Kouznetsova, and Jaroslav Prochazka and Eva Pavlickova, the manager and agent, respectively, of the Latin American department of Cedok, the Czechoslovak Office of Tourism. Also attending the informational meeting were the press attaches of the USSR, Czechoslovak and Hungarian diplomatic missions in our country, as well as Aeroflot's director in Argentina and the heads of the companies comprising the Five Pearls consortium, Eurotur, World Tourism and Melia Travel, in addition to several individuals associated with the tourist business. During the discussion, the foreign representatives described the beautiful features typical of each country and the opportunities afforded for Argentine and South American travelers to reach those destinations. [Text] [Buenos Aires LA NACION in Spanish 24 Mar 85 p 14] 2909

JAPANESE PAPER PLANT EQUIPMENT--(DYN)--The Misionero Paper Company, Inc (PM) announced that it had just incorporated new machinery from Japan as part of an industrial expansion plan aimed at raising the capacity of its plant located in Puerto Mineral. The company announced through a communique that it now has new wetting and kneading equipment which is part of a larger machine already ordered, and which, when put into operation, will make it possible to increase the plant's design capacity by 49 percent. The new unit was brought to the country from Japan on the steamboat "Marianne Schulte," and its cost (including the technological elements not yet received) is estimated at \$14.5 million. The transaction was agreed upon with the consent of the Bank of the Argentine Nation, whereby Misionero Paper was included in the loan contract of the Export-Import Bank of Japan for financing of up to 85 percent of the engineering imported. The equipment was built by the Japanese firm Marubeni Corporation, which is responsible for putting the plant into operation. [Text] [Buenos Aires LA NACION in Spanish 18 Mar 85 p 12] 2909

3 May 1985

FRENCH INDUSTRIES IN CORRIENTES--Buenos Aires (DYN)--The governor of Corrientes, Jose Romero Feris, announced from Paris the installation of major industries for his province, including a modern paper plant and an alcohol distillery. The official is in France making a tour, which included a meeting with that country's agriculture minister, Michel Rocard, with whom he analyzed the possibility of carrying out various plans for agroindustrial cooperation. As part of the intense activity that he has been engaged in while in that country, aimed at selling products from his province in Europe, the Corrientes governor brought the international colloquium on agricultural and rural development to a close, as that state's representatives in this capital announced yesterday. [Text] [Bahia Blanca LA NUEVA PROVINCIA in Spanish 2 Mar 85 p 15] 2909

EXHIBITS IN SOVIET BLOC--Argetine will be present, with major exhibits at the fairs in Brno, Czechoslovakia, in Salima (Food Hall), from 27 February to 3 March; Algeria, from 6 to 17 March; at the Spring Fair in Leipzig, German Democratic Republic, from 10 to 16 March; in Zagreb, Yugoslavia, from 9 to 16 September; and in Budapest, Hungary, from 27 September to 6 October of this year. The exhibits will be arranged by our country's Secretariat of Commerce which, through bidding competition, awarded the installation and decoration to the Uniplan International company, represented in South American by APS (South American Advertising Agency, Inc.). [Text] [Buenos Aires EL ECONOMISTA in Spanish 8 Mar 85 p 19] 2909

CSO: 3348/533

BERMUDA

JAMES PRESENTS FIRST BUDGET; CRITICISM QUICK TO FOLLOW

Text of Budget Address

Hamilton THE ROYAL GAZETTE in English 23 Feb 85 pp 6-7

[Article by Keith Blackmore]

[Text]

The usual speculation about what would be in this year's Budget statement was spiced up this year with the extra question of whether or not the new Finance Minister was up to the job.

The Hon. Clarence James took centre stage yesterday knowing that his performance would be under particular scrutiny. But at least when he sat down again he must have been confident that no-one would accuse him of lacking stamina.

His speech had lasted 100 minutes, prompting one experienced Opposition member to groan that it was the longest Budget statement that he had ever heard. Even Dr. James' own side greeted the conclusion of his speech with a rather weary foot stomping.

Perhaps they had used up their energy earlier giving a rousing reception to Mrs. Ann Cartwright DeCouto, Minister of Health and Social Services, who had done her version of the Iron Lady approach to hunger strikers and drug dealers.

But most of the Government MPs turned up on time and sat dutifully through the whole Budget speech. Now and again one or two could be seen to doze discreetly but then they had probably heard much of what was being said already.

Traditionally the Budget statement is a time when any Opposition — even one as divided as the current one — can look forward to a pleasant hour or so of shouting rude remarks at their opponents

without the worry of having to make any cogent response until next week.

Three of the four Progressive Labour Party Members for Change sat eagle-eyed throughout the whole thing but their erstwhile party had to do without Shadow Finance Minister, Mr. Eugene Cox and Mr. Walter Lister (both victims of the flu) and Mr. Ottiwell Simmons (away on union business).

Still the PLP contributed its own colour to the occasion, Mrs. Lois Browne Evans in scarlet and Dr. Barbara Ball in a vivid green suit plus bright red sneakers.

And then there was the machine-gun repartee of Mr. Stanley Morton who seemed determined that none of his opponents should fall asleep.

Whenever Dr. James approached the announcement of a new tax hike, Mr. Morton loudly urged him: "Make it soft, make it sweet." But even he tired towards the end, incredulously asking Dr. James: "How many more pages have you got there?"

Mr. Walter Roberts (PLP) paced himself better, he managed to keep up a continuous but mostly unintelligible commentary on what Dr. James was saying.

The Minister had begun before a packed gallery. By the time he finished, there were spaces in the public seats and a few nodding heads elsewhere.

But he had passed his first test — one of endurance if nothing else — without losing his voice at least.

TO HIS HONOUR THE SPEAKER AND MEMBERS OF THE HONOURABLE HOUSE OF ASSEMBLY:

MR. SPEAKER:

In presenting this, my first Budget, to the House, I wish to reaffirm Government's commitment to the philosophy of balanced Budgets. The deficits of \$8.4 million in 1983/84 and an estimated \$11 million in 1984/85 have depleted almost totally our previously accumulated surpluses, and substantial increases in taxes are necessary in order to finance additional expenditure on essential services and capital projects. While I shall be presenting a detailed analysis of expenditure in the Fiscal Review, I would like to state at the outset that at the centre of my Budget this year are increased provisions for tourism, the Police, the judiciary and the prison service.

2. The past year was not an easy one for Bermuda. On preliminary estimates, there was a sharp fall in real gross domestic product (GDP), mainly because of a sharp downturn in tourism, our staple industry. In addition, the number of international companies on the register showed little growth, and several of our larger insurance companies announced a winding-down of their local operations.

3. The level of local costs continues to have a negative impact on growth, and should be a concern to all who live in Bermuda. Although retail price inflation was stable throughout 1984, ending the year at under 5%, local costs — principally wages and salaries — continued to increase at a faster rate, as indeed has occurred in every year since 1980. Reducing locally-generated inflation remains an essential key to improving our competitive position, and establishing the base for renewed economic growth in the future.

4. Government's own financial position came under pressure last year. By the end of September, half-way through the fiscal year, it had become apparent that, unless action was taken to curb expenditure, the resulting Budget deficit would be more than sufficient to wipe out the Consolidated Fund balance of \$12.4 million with which we started the year. In the event, the cutbacks in expenditure which I ordered for the second half of the fiscal year have had their effect, and I now expect current expenditure for 1984/85 to be only some 3% over Budget. Even so, the balance in the Consolidated Fund has been all but expended, and in recent months, the Accountant General has been

operating on overdraft. In view of this position, I had no choice but to sell our holding of US Treasury Zero Bonds, which were purchased in April of last year. I am, however, happy to report that the sale realised \$6.1 million, representing a capital gain of \$1.6 million over the purchase price of \$4.5 million, equivalent to an annual return of some 45%. Despite this windfall, there is likely to be at best only a small balance in the Consolidated Fund at the end of the year. Unlike the past two years, therefore, there will be no accumulated surpluses available to finance expenditure in the coming fiscal year, and tax increases will be necessary to raise the additional revenue required to balance the Budget. It is against this background, with little prospect of an improvement in Bermuda's economy this year, that I present my 1985/86 Budget to this House.

Economic Review

International Developments

5. Mr. Speaker, Bermuda's economy, with its heavy reliance on international trade, is particularly sensitive to developments in the United States, by far our largest market both for exports and for imports. Between the fourth quarters of 1983 and 1984, growth in real output of the United States was 5.7%, following an increase of 6.3% the preceding year. Encouraging though that performance was, the marked slowdown in the second half of 1984 raises questions about the continuation of the recovery in 1985. After growing by 8% at an annual rate in January — June, real GDP increased by only 3.6% in the second half of last year, and while talks of an imminent recession in the United States may be premature, there is a general consensus that growth in 1985 will be much weaker than last year.

6. If this is accompanied by a decline in the value of the dollar, then Bermuda might ultimately benefit. As our experience last year indicates, a buoyant American economy is not of itself sufficient to stimulate Bermuda's economy. Instead, the sharp appreciation of the dollar against all other currencies nullified the benefit that we might otherwise have expected to receive from a strong US economy. During 1984, the dollar appreciated by 15% against the German mark and the French franc, by 25% against the British pound, and by 9% against the Japanese yen. Despite the slowdown in the US economy and the drop in interest rates towards the end of last year, there has been no weakening of the US currency in recent months. The continuing strength of the dollar has thus far prevented any improve-

ment in the US trade deficit, which amounted to a massive \$123 billion in 1984; while at home, this strength was undoubtedly one of the main causes of our disappointing tourist season last year, which has given rise to our own balance of payments' problems.

7. What will happen to the dollar in 1985 is perhaps the major uncertainty facing us in 1985. While it is probably true that a sharp decline in the dollar's value would do more in the short-term than anything else to improve our competitive position, I do not recommend that we rely on such a development to cure our current economic problems; and I have certainly not assumed any significant help from that quarter in formulating this Budget.

8. While the value of the dollar is a continuing cause for concern, we can take encouragement from the absence of inflationary pressures accompanying the economic recovery overseas. In the United States, the fastest-growing of the developed economies in 1984, consumer price inflation in the 12 months to last December was 4%. In the countries belonging to the Organisation for Economic Co-operation and Development, or OECD countries, where economic growth averaged a more subdued 3% in 1984, consumer price inflation was about 5%. The prospects for 1985 are encouraging. World commodity prices, measured in dollar terms, fell by 16% last year, and show no signs of moving upwards in the near future. Oil prices, too, weakened last year, and might well come under further pressure in the spring of this year. Labour costs continue to rise moderately in the United States and elsewhere, and so long as unemployment remains high in the developed countries, there seems little chance of a sharp increase in prices in the labour market. Taking all these factors together, there are reasonable grounds for optimism that inflation in our main trading partners will pick up only slightly, if at all, in 1985, and that Bermuda should therefore experience little inflationary pressure from import costs over the next 12 months.

9. The one factor which might upset these calculations is the US Budget deficit, which totalled \$175 billion in financial year 1984, and on current policies is projected to rise to over \$200 billion in 1985. Unless convincing action is taken by the US authorities, and taken soon, to reduce the deficit, upward pressure on interest rates might well reemerge later this year, threatening the continuation of recovery in the United States. In order to finance the deficit, the US Government has had to

attract savings on an unprecedented scale both from home and abroad. Very high real interest rates and worldwide confidence in the strength of the US economy have facilitated this, but at the same time funding the deficit has reduced the availability of funds for the productive investment that is essential if growth is to be sustained in the long-term. In addition, the very large deficits still in prospect may in the end undermine the authorities' commitment to moderate monetary growth, introducing the danger of a resurgence of inflation in the United States, which would very quickly overspill into Bermuda. I take some encouragement, however, from the apparent determination of the US administration to tackle the Budget deficit, although no-one should underestimate the difficulties involved in such a task.

Economic Developments and Prospects in Bermuda

10. Mr. Speaker, between 1975/76 and 1980/81, real GDP in Bermuda grew by 21%, with domestic demand rising by 28% and exports by 23%. There was, therefore, a broad balance in the economy, with domestic spending and GDP growing broadly in line with the growth in Bermuda's two main export industries of tourism and international business. Between 1980/81 and 1983/84, however, domestic demand in real terms increased by almost 5½%, while exports declined by 7%. The balance in our economy was upset and, as a result, Bermuda's traditionally strong surplus on trade in goods and services declined from \$80 million in 1980 to only \$7 million in 1983.

11. Although complete data are not yet available for 1984, all the evidence points to a further weakening in Bermuda's economy in the past year. The downturn in tourism will have led to a reduction in export earnings, while the growth in domestic demand only served to sharply increase imports. As a result, there was on preliminary estimates a sharp reduction in real GDP in 1984/85 (see Annex I for details). In addition, the continuing failure of domestic spending to reflect the downturn in export earnings will have further weakened the balance of payments. For the first time since records began, Bermuda is likely to have recorded a substantial deficit on trade in goods and services in 1984.

External Demand

(a) Tourism

12. In 1984, regular arrivals fell by 29,403 to 417,461, a fall of 6.6% compared with the previous year. Cruise passengers were also down, by 9,436 compared with 1983. As a result, in the first three quarters of 1984 visitor spending, which accounts for over 30% of GDP and about half of total foreign exchange earnings, was down by approximately 5% in real terms compared with the same period in 1983. Tourism is our major industry, and a decline of the magnitude experienced in 1984 has a major impact throughout the economy. Dr. Brian Archer has calculated that every \$100 of visitor expenditure generates slightly more than \$100 of household income, \$22 of Government revenue, and \$74 of imports. The business sector has perhaps been worst affected by the downturn in tourism, with profitability falling to its lowest level for many years. Government revenues, too, have been adversely affected. On the basis of Dr. Archer's figures, they will have been some \$4½ million lower in 1984/85 than they would have been if tourist expenditure had matched Budget expectations. Household incomes, too, are also likely to have suffered to some degree, although there are indications that employment levels have held up well despite the fall in tourism.

13. The extent of the over-capacity in the tourist industry in 1984 can be gauged from the fact that the number of regular arrivals was 15% below the figure of 491,640 achieved in the peak year of 1980. Hotel occupancy rates were down too, at under 62%, compared with 63.9% in 1983 and 73.9% in 1980. Cruise passengers in 1984 totalled 111,410, 7.8% down on 1983, which itself was 2½% down on 1982. Looking ahead to 1985, here at least there is some cause for cheer. The Department of Tourism has indicated that a record number of cruise ship visits is in prospect this year, and although cruise passengers spend on average less than \$50 a head in Bermuda, an increase in business, coming as it does after two years of decline, is good news.

14. As far as regular business is concerned, the immediate outlook is less encouraging. With the closure of two of our major hotels, one for the entire season and one for part of it, the number of available beds this year will fall sharply. Good occupancy in the other establishments could, of course, make up for this, but that is not guaranteed, and at this stage I think it is prudent to anticipate only a modest im-

provement at best in tourism in 1985. Looking further ahead, the reopening of Castle Harbour under the Marriott flag and a full year of Club Med operations should give a welcome boost to our tourist industry in 1986. We should not forget, too, the substantial sums of money spent on upgrading and improving some of our other hotels. Encouraging though these developments undoubtedly are, it will only be by keen pricing and by offering the very best value for money that we can hope to recover the ground lost to other tourist destinations in recent years.

(b) International Business

15. International business remains, after tourism, our second most important industry, accounting for some 19% of GDP and 30% of foreign exchange earnings. Although the number of international companies on the register (excluding those in the process of liquidation) grew in 1984 by 1½, to stand at 5911 at the end of the year, the increase was the smallest on record. Of more significance for our economy, however, is the fact that, of the 280 or so companies with a physical presence in Bermuda, a number announced cut-backs in their local operations in 1984. To some extent, this merely reflects the continuing cost-cutting that companies worldwide have engaged in since their balance sheets came under pressure in the 1980-82 recession. There is also, however, a Bermuda dimension to this phenomenon, since the costs of operation here must be amongst the highest in the world. What is beyond dispute is that there was a sharp drop in real terms in international companies' expenditure in 1982/83 and, although the number of companies on the register has grown each year since then, there has been no recovery in the volume of their local expenditure.

16. Our exempted companies, quite understandably, are increasingly sensitive to cost increases, and are reacting by scaling down their operations and economising wherever possible. As one indication of this trend, the 1984 Manpower Survey reported 2056 persons employed in international bodies, compared with 2192 in 1983 and 2314 in 1982. Although there are some indications that 1985 will be a better year for the insurance industry, I do not think we can look for much of an increase in expenditure by international companies as a whole in the coming year. Here again, there is direct evidence of high costs in Bermuda contributing, at least in part, to a downturn in one of our principal industries.

Domestic Demand and Gross Domestic Product (GDP)

17. While external demand probably fell in 1984/85 by 1% - 2%, the evidence suggests that domestic demand continued to increase, with all the components — consumers' expenditure, Government consumption and fixed investment — sharing in the growth.

(a) Consumers' Expenditure

18. Unless there was an unexpected increase in saving, the rise in real incomes last year will have been translated into an increase in consumers' expenditure. Retail sale, it is true, showed little growth, up by only 1.3% in the nine months to December, 1984 compared with the same period in 1983, a growth rate well below the rate of inflation. The decline in tourism, however, had much to do with this sluggish performance, and it is likely that local spending held up better than the retail sales figures alone would imply. With the rate of pay settlements averaging 7% - 8% during the past year, it is clear that earnings in Bermuda are still running well ahead of the rate of inflation, and that this is the principal factor behind the continuing high level of local consumption.

19. Mr. Speaker, before turning to the other components of domestic demand, I would like to say a word about how the propensity to save in Bermuda compares with other countries. The most recent data available, from the 1982 Household Expenditure survey, indicate that in that year savings in Bermuda amounted to some \$80 - 90 millions, with savings as a percentage of personal disposable income about 14%. There is little reason to suppose this latter figure has changed much in the past two years, and it can therefore be compared with 1984 estimates of 6% in the United States, 8% in the United Kingdom, 12% in Canada and 18.5% in Japan. There are, of course, institutional and social reasons why saving ratios differ among countries, but the figures do indicate that the rate of saving in Bermuda compares favourably with other countries and is not, as I have heard said on several occasions, unusually low. What does distinguish Bermuda from other countries is the extent to which local savings are invested in real estate. Although no precise figures are available, it seems clear that the high cost of housing and the absence of a wide range of alternative investments serve to channel the greater part of Bermuda dollar savings into investment in property.

20. In other developed countries, a large

and increasing proportion of savings is accounted for by the life insurance and pensions' industries. In Bermuda, such institutional saving is very much in its infancy, and although the number of occupational pension schemes is growing, many of our elderly people are reaching retirement age without the promise of an adequate income to sustain them. This is an area where more needs to be done, and I have already begun a review of the existing contributory pensions' scheme with a view to seeing how quickly the benefits can be brought up to a reasonable subsistence level. Clearly, this will continue to require increases in contribution and benefit rates above the rate of inflation over a period of time, but in my view an improved pensions' provision should be one of Government's most urgent priorities in the next few years.

(b) Government Consumption

21. The latest estimates of Government current spending indicate an increase of 10½% in the 1984/85 fiscal year, which represents a substantial increase in real terms and is some 3% above the growth planned in the 1984/85 Budget. While I shall have more to say on this subject in the Fiscal Review, I wish to point out here that most of the over-run can be attributed to additional expenditure incurred during the year which had not been provided for in the Budget, mostly in the area of law and order. Nevertheless, a strenuous effort must be made to identify areas where greater efficiency and economy can be introduced, especially in manpower, since wages, salaries and other personnel costs account for more than 60% of Government's current account expenditure.

(c) Capital Formation

22. The final component of domestic demand is gross fixed capital formation, which fell back a little in real terms in 1983/84 after the steep increase the previous year. All the available evidence, however, points to a continuing high level of activity in the construction sector in 1984/85, and the prospects are for another buoyant year in 1985/86.

23. The hotel sector in particular has embarked on a substantial investment programme. The Castle Harbour project alone will involve expenditure of some \$40 million, and a number of our other large hotels have also initiated substantial improvement schemes. This is good news and will greatly assist Bermuda in maintaining its quality tourist image, and in better competing in the future in the increasingly competitive tourist market.

24. Mr. Speaker, I am pleased to report further progress on the housing front in 1984. Last year, 591 units were completed, an increase of 32% over 1983. The Housing Corporation was directly responsible for 124 of these units and, on current plans, intends to complete at least a further 100 in 1985. In addition, in 1984 the Housing Corporation provided mortgage funds which financed the construction of 108 new units in the private sector. While no-one in Government remains complacent about the housing problem or about the size of the task that still remains, I think these figures demonstrate Government's commitment to the provision of adequate housing — at the lowest possible price — for many of those in need. As a further step, Government has resumed negotiations with the non-resident insurance undertakings with a view to seeking additional finance to assist the Housing Corporation's joint venture programme, such as the construction and mortgage financing of the houses at the Boaz Island village.

25. The additional progress made in the provision of housing last year allows me to take one step further towards the complete elimination of rent control in Bermuda. Honourable Members may recall that on 1st May of last year, the top 20% of properties were released from rent control by lowering the annual rental value above which controls do not apply from \$22,000 to \$12,300. It is my intention to release an additional 10% of properties with effect from 1st May of this year by further lowering the limit to \$10,500. Honourable Members will note that this represents a softening of the policy announced by my predecessor in last year's Budget Statement; when he indicated that rent control would be phased out over five years by successive reductions of 20% in the number of controlled properties. Although there are no indications yet that the first phase of de-control has led to any general upward movement in rents — the rent component of the retail price index has increased at an annual rate of less than 6% since May — I am aware that the situation could change as additional properties are removed from control, particularly as we reach the lower-valued properties. By proceeding more cautiously, and freeing only 10% of properties this year in place of the 20% originally envisaged, I am allowing more time for the supply of housing to catch up with demand, thereby ensuring that the phasing out of rent control has the least possible impact on the general level of rents.

Financial Developments and the Balance of Payments

26. An increase in domestic demand combined with a downturn in the external sector will have led to a further deterioration in the balance of payments in 1984. The Bermuda Monetary Authority is currently compiling the 1984 statistics with the assistance of the Chief Statistician, who has been appointed as a temporary consultant. While no detailed figures are yet available, I shall be surprised indeed if we did not record a substantial deficit on trade in goods and services after the surplus of only \$7 million in 1983. Some indication of our deteriorating trade position can be gained from the movement in the net foreign currency assets of the banks, which rose by only \$19.5 million in the year to September, 1984, compared with a rise of \$46 million the previous year. Normally, a slowdown of this order would tend to dampen the growth in Bermuda's money supply, which consists of all Bermuda dollar bank deposits plus notes and coin held outside the banking system. In the 12 months to September, 1984, however, Bermuda dollar bank deposits rose by 23%, reflecting an \$80 million increase in loans and advancements by the banks. This is a very large increase indeed, more than twice the figure of \$36½ million the previous year, and I have no doubt the increase reflects in large part the growth in loan demand from local companies which in aggregate have suffered a severe profit squeeze in recent years. Clearly, in 1984 the banks were able to accommodate the increased demand for funds, but there are limits to the amount of Bermuda dollars available, and until the balance of payments position improves, there is a danger that a shortage of liquidity could quickly develop in the economy.

Inflation

27. Mr. Speaker, inflation in Bermuda was broadly stable throughout last year. The 12-month increase in retail prices, which was 4.9% in January, 1984, reached a peak of 5.5% in June before falling back to 4.6% in December. I remain concerned, however, by our continuing failure to bring locally-generated inflation under greater control. In the 12 months to December, 1984, the price of goods in Bermuda, heavily weighted by import costs, rose by 2.9%. The price of services in contrast, which reflects a much higher proportion of local costs, rose by 6.7%. Although this is a welcome reduction from the 7.7% recorded in the 12 months to June, 1984, it is still too high, and until we can bring

down further the rate of increase in local costs, we shall remain dangerously exposed to an upsurge in inflation if the growth in import costs begins to quicken.

28. The immediate prospects for 1985, however, appear encouraging. Export prices from the US, which supplies about 60% of our imports, did not rise at all in the year to October, and there is little indication yet of any significant upward pressure on prices in America, or indeed in the other major countries with which we trade. Oil prices fell back further last year and although in recent months they have been stable, they appear vulnerable to further downward pressure which may well emerge in the spring, when demand for oil is seasonally low. A major uncertainty, however, surrounds the value of the dollar. The sharp appreciation of the dollar in 1983 and 1984 undoubtedly assisted in bringing Bermuda's inflation rate down below 5% and keeping it there. I make no predictions here about the likely course of the dollar in 1985, but clearly it is something that we shall all watch with interest. My immediate concerns are to do with the high cost of local services, which is compounding the effect of the high dollar in eroding our competitiveness both as a tourist destination and an offshore financial centre.

29. In our predominantly service-oriented economy, the primary element of costs is wages and salaries, accounting on average for about one-half to two-thirds of local costs. In 1984, average earnings rose by 9%, well above the prevailing rate of inflation, and representing a real increase that was not justified by our economic performance. Wage costs have in recent years become an ever increasing burden on employers, who have been unable fully to pass them on to their customers because of weak demand. As a result, profit margins have been squeezed, in some sectors severely so, and although layoffs so far have been largely confined to the hotels, a number of employers in other areas must be considering shedding labour as the only effective means of reducing costs.

30. I sincerely hope that will not be necessary, and that is why I call again on all employers and trade unions to exercise moderation. Government fully intends to give a lead in its own negotiations, and I say now that there will be nothing in Government's coffers in 1985/86 to finance inflationary wage settlements.

31. Mr. Speaker, as leaders of the community, parliamentarians have a duty to set an example in this matter. Normally, parliamentarians receive the same percentage increase as white-collar civil ser-

vants, back-dated from the Bermuda Public Services' Association (BPSA) October settlement date to the previous April. This April, however, I have proposed that members and officers of this House should receive salary increases of 4.8% equal to the rate of inflation prevailing when I first put forward the proposal, and I would urge management and labour in both the public and private sectors to take note of this self-imposed restraint in conducting their own negotiations. In future years, the link will be restored with BPSA awards, but with the increase for parliamentarians taking effect six months later, rather than six months before civil servants' settlements. In taking this lead, I urge all employers and union leaders to follow suit in the best long-term interests of Bermuda, so that a welcome sense of realism — all too lacking in recent years — can return to the bargaining table in Bermuda.

Fiscal Review

32. Before looking at the estimates for 1985/86, it is important to consider the trend over the last two years and the factors influencing that trend.

33. When the Budget for the current year was presented, the Budget Statement noted that final figures for 1983/84 would show the surplus being run down by about \$8 million. This forecast proved accurate in that for the year to 31st March, 1984 the surplus was reduced by \$8,270,000.

34. The Consolidated Fund balance at the start of the current year was therefore some \$12.7 million, compared with \$21 million at the start of 1983.

35. During the early course of the year, it became obvious that if tourism remained depressed and Government's capital works went ahead as projected, whilst a number of items requiring supplementary estimate on current account were to be funded, not only would this balance be fully spent but a substantial borrowing requirement of possibly \$10 million or more could result.

36. The major variations from the original estimate for current account spending were set out in Supplementary No. 1 for 1984/85. These included additional promotion by the Department of Tourism \$1.3 million; further subsidy to the Public Transportation Board so as to avoid a fare increase during 1984/85 \$800,000, additional recruitment and increases in overtime and allowances for police \$817,000, additional training and temporary staffing \$520,000, rental of additional office accommodation in order to provide a new court \$250,000.

37. Government, therefore, took action to defer recruitment of staff, to reduce wherever possible its purchases of goods and services without undue curtailment of services and reexamined the programme for capital works.

38. This review involved the deferral of a number of smaller projects and a decision not to proceed immediately with the redevelopment of the National Stadium on the scale then envisaged.

39. As a result of that action, I am pleased to note that there will now be no requirement for Government to borrow in order to meet a deficit on the Consolidated Fund.

40. The latest figures which became available after the Budget went to press confirm that rather than the \$3.3 million deficit at 31st March, 1985 which was predicted in the original estimate for this year, there will remain a small surplus of perhaps \$2 million; however, this will still mean that the Consolidated Fund balance will have been reduced by \$10 million during 1984/85.

41. When we turn to the estimates for 1985/86, it is important, therefore, to note that in each of the last two years there has been a substantial deficit.

42. Undoubtedly, the main cause of these deficits has been the fall off in tourism with its direct effect on Government revenues; for example the reduction in tourist spending during 1984/85 will have cost Government some \$4.5 million in lost revenues.

43. At the same time, however, capital expenditure has increased without major increases in taxation, for example, the revised estimate for 1984/85 of \$24.4 million and the \$22 million which was spent in 1983/84 compare with \$11.5 million in 1982/83. This has only been possible by utilising balances earmarked for this purpose from earlier years.

44. If, therefore, we are to do no more than spend on capital works at the same rate in 1985/86 as that established over the last two years, a substantial increase in revenues is required now that the surplus has been fully utilised.

45. The \$24.4 million to be appropriated to capital in 1985/86, is consistent with the level of spending on capital in each of the last two years, and relates to much needed projects some of which have been in the planning process for a number of years. However, because there are no longer reserves to draw on, \$7.1 million more will be needed from current revenues in 1985/86 than we needed in 1984/85.

Expenditure Estimates

46. Expenditure on current account programmes is shown at \$190.4 million for 1985/86, an increase of 12.5% on the original estimate of \$169.3 million for the current year. This, together with \$24.4 million to be earmarked for investment in capital building works and equipment, will balance expenditure with revenues of \$214.8 million.

47. Within the current account estimates, the major spending Ministries are: Ministry of Health and Social Services \$40.3 million, some 21.1% of the current account Budget;

Ministry of Education \$31.7 million, some 16.7%;

Ministry of Finance \$28.4 million, some 14.9%;

Ministry of Labour and Home Affairs \$23.1 million, some 12.1%;

Ministry of Works and Housing \$20.2 million, some 10.6%;

Ministry of Tourism \$17.8 million, some 9.3%.

48. The increase of \$21.1 million has two elements:- a provision of \$12.3 million for increases in the cost of existing services and \$8.7 million for new or improved programmes.

49. In considering the priority for development of services, Government has been constrained by the continued downturn in tourism figures. Accordingly, additional funds have been made available to the Department of Tourism to provide additional promotions primarily through newspaper, magazine, television and radio advertising and the employment of a public relations agency. In total a further \$3 million has been earmarked for this purpose and for 1985/86 promotions should be some 15% up in real terms on the level of advertising of 1980/81 when tourism peaked in Bermuda.

50. The second area of concern to be addressed in the 1985/86 Budget is the question of crime and the courts. The budget for the Police Service shows an increase of 15% resulting in large part from the recruitment of 30 extra Police over the numbers budgeted for 1984/85. At the same time Government has taken action so that the backlog of cases in the courts can be reduced, as the assurance of swift justice is in itself a deterrent to crime. The relocation of the Department of Tourism in order to create the new court results in increases not only in the payroll costs of the courts but also in the costs of office rental met by the Department of Public Works.

51. There will also be the opening of the new Women's Prison and Senior Training School before the commencement of 1985/86. Provision is made in the capital estimates for the redevelopment of Casemates Prison.

52. Government is often criticised for not keeping the cost effectiveness of its services under review, however, the action of the Ministry of Health and Social Services in relocating the Youth Development Centre is a good example which shows that this criticism is not always true. Having determined that the costs of operating the Youth Development Centre on Paget Island had become prohibitive, that programme has been reorganised. At no additional costs those young people who require facilities which, because of the small numbers involved cannot be provided at an acceptable cost in Bermuda can now travel overseas in order to receive the assistance they require. At the same time a house parent unit will be provided for those young people who do not require those specialist facilities. The resources freed by this reorganisation will make it possible for us to provide child and family assessment and counselling, a commitment which Government made in the Throne Speech of October, 1984.

53. It should also be noted that this reorganisation frees Paget Island for alternative use.

54. The other item of note in the Health and Social Service estimates is an increase of almost 50% from \$908,680, to \$1,338,700 for social assistance, which includes assistance to residents at Summerhaven and which reflects Government's greater commitment to those in need in times of reduced economic growth.

55. The estimates for Government's payment in respect of hospitals reflects the 8% increase in hospital rates effective 1st April, 1985 plus some additional \$180,000 required for utilities and maintenance on the opening of the extension of St. Brendan's phase I.

56. The Education budget for 1985/86 is being held at existing levels rather than reduced in line with the number of students. This will provide additional resources on a per capita basis.

57. In determining the level of support for bus fares, Government is cognizant of the need to encourage greater use of the public transport system if the number of cars on our roads are to be controlled. The subsidy towards fares in 1985/86 will reflect the decision to hold fares without an increase in 1984/85, and to keep the increase for

1985/86 to a minimum. The subsidy, therefore, increases by 80% from \$954,000 to \$1,714,000.

58. In addition to the developments I have mentioned here, there are a number of less costly items. For example:

An increasing number of people are becoming interested in Bermuda's history and heritage. One result of this increased interest has been the rising number of inquiries from the public made to the Bermuda Archives. In order to facilitate access to these records an additional post has been created within the Archives Department:

The Telecommunications Department shows a substantial increase in its budget reflecting the decision to support the televising of children's programmes:

1985/86 will also see the start of the process which leads to the 1988 valuation list and additional funds are included in the Department of Land Valuation's estimates for this purpose.

59. As Minister of Finance, I am particularly anxious that sound financial controls exist throughout Government, and I therefore believe that a vigorous, independent audit is a necessity rather than a luxury. The 1985/86 estimates, accordingly, provide for better staffing for the Auditor following a review of that Office, the recommendations of which were endorsed by the Auditor. Similarly, the Accountant General's Department has been subject to reorganisation and will provide an enhanced system of review for departments.

60. Mr. Speaker, turning now to the capital estimates. The \$24.4 million appropriation for capital is allocated, \$19.3 million to investment in civil engineering and building works, and \$5.1 million to the acquisition of plant, equipment and vehicles, etc.

61. In looking at the capital estimates, I believe I ought to clarify that the figures presented here are new appropriations only. Appropriations made during 1984/85 but not spent by the 31st March, 1985, will also be available in 1985/86. As a specific example I would point to the estimates for the National Stadium which because there is no appropriation requested for 1985/86 may lead to the assumption that Government will not be spending on that project during the year. However, there will be available from the current year some \$2.4 million of unspent appropriation should it be possible to start on this project.

62. With that point of clarification, I believe the capital development estimates indicate the main areas in which Government intends to proceed in 1985/86.

63. The Police combined operations building which has been planned for a number of years will be going to tender shortly and work will be commenced and be completed during 1985/86. Funding is being earmarked for a nursery and clinic/community centre in Warwick with a view to having this project substantially completed during the course of the year; moneys are provided for a new pavilion for St. John's field; St. Brendan's Phase II will proceed early in the new year; a start will be made on the refuse incineration plant.

64. Site works will be started for the replacement for Casemates; the ferry dock at Somerset will be relocated nearer the centre of the Village; the plans for the new Bus Garage are now being finalised and major construction should take place during 1985/86. As part of a continuing commitment to the Bermuda Housing Corporation, \$3 million is earmarked for the Corporation in 1985/86. Major renovations are planned for Ocean View Golf Course. The transfer of environmentally sensitive parcels of land into public ownership is an objective of Government. \$1 million is, therefore, provided for land acquisitions during 1985/86.

65. In the knowledge that there will be essential capital works required in 1985/86 which had not been sufficiently detailed to provide adequate costings in time for inclusion in the estimates, some \$650,000 has been set aside for such projects which may include, for example, implementing recommendations from the review of recent groundings of ships around Bermuda's coasts.

66. Continued funding is being made to the West End Development Corporation and the \$500,000 requested for 1985/86 together with unspent balances from previous years will provide \$1 million for the Corporation during the coming year.

67. The estimates for capital acquisitions do not include any major surprises or changes from earlier years, there being funding for public transportation, the continued enhancement of Government's computer systems and computers in schools; the first phase of improved Police communication systems should be commenced in 1985/86; search and rescue at sea will be improved with the purchase of a dual purpose craft which whilst capable

of performing in such a role will normally operate as a pilot boat.

Revenue Projections

68. Turning now to revenue, the revised estimate for revenue in 1984/85 is \$187.8 million, very close to the original Budget estimate. In projecting revenue for 1985/86, I have been guided by the following assumptions:

(1) There will be a modest upturn in tourism in the coming year. Regular arrivals will grow by 3%, after a 6.6% fall last year. Honourable Members should note that this is not a forecast, but an assumption used for planning purposes. It is my hope — as it must be all of yours — that Bermuda's tourist industry will stage a stronger revival in 1985. Given our current financial position, however, with the balance in the Consolidated Fund all but expended and the uncertain prospects ahead for the economy, I have thought it prudent to assume only a modest improvement in regular tourist numbers this year.

(2) The number of cruise passengers, in contrast, seems set to grow sharply, by 25% compared with the previous year on the basis of current information from the Department of Tourism.

(3) The volume of international company expenditure has shown no growth in the past two years, and I have assumed that it will again remain flat in 1985/86.

(4) Turning to domestic demand, the continuing increase in real incomes might be expected to feed through to a small rise in consumer spending. Government expenditure is projected to increase further in real terms, and the construction sector is likely to experience another good year, with capital spending possibly rising slightly from an already high level.

69. On the basis of these assumptions, I would expect real GDP to grow in 1985/86 by perhaps 1½%. With tax and fee rates unchanged, and assuming no upturn in inflation, I would estimate this order of growth to generate total revenue of about \$196¼ million. This figure includes for the first time an estimate of the fee payable by Cable and Wireless under the terms of the proposed new licence agreement. An amount will also be paid to Government in respect of the company's 1984/85 operations.

70. In addition, the estimate makes allowance for the additional revenue stemming from an increase in the assumed level of annual remuneration per employee on which exempted companies pay Hospital Levy. As has now become standard prac-

tice, this amount is indexed each year in April in line with the change in the retail price index in the year to the previous December.

71. The total revenue figure of \$196¹/₂ million is \$18¹/₂ million below the estimate of total expenditure for 1985/86, and while careful scrutiny has been made both on current and on capital expenditure, a number of tax increases are necessary in order to balance the Budget.

72. The Minister of Transport will be announcing immediately proposed increases in vehicle licence fees of about 5%, which will bring in an additional \$300,000 in 1985/86, and he has agreed that in future licence fees should be increased each year by an amount at least equal to the rise in the retail price index in the preceding 12 months, except in extenuating circumstances. In addition, substantially higher increases in all other fees charged by the Transport Control Department will be made, some of which have not been changed for a number of years, to reflect the higher costs of providing services to the public. Together, these other fee increases are expected to yield an additional \$820,000 in 1985/86.

73. Mr. Speaker, another tax that I believe merits an annual review is land tax. At present, the rental valuations on which the tax is based are updated every five years so that, unless tax rates are adjusted upwards, there is a steady erosion between valuations in the real value of the tax take. The last general increase in land tax was in January 1983. Prior to that, there had on average been no increase in the nominal amount of land tax paid on each valuation unit since 1974. Between mid-1974 and the end of 1982, therefore, the real value of land tax receipts fell by more than 45%. This was only partially offset by the 15% across-the-board increase in all land tax rates in January, 1983. I know that the introduction of the 1982 valuation list in July 1983 further increased land tax for some individuals, but others enjoyed reductions and overall, there was no significant increase in the total tax burden beyond the 15% rise implemented the previous January. As a result, the real burden of residential land tax is now some 40% lower than ten years ago. I propose, therefore, that, with effect from 1st July, 1985, all residential land tax rates should be increased by 10%, to reflect the rise in the general level of prices since the last increase in January, 1983. Landlords of controlled properties might care to note that current policy permits the Rent Commissioner to take increases in land tax into account when assessing applications for rent increases.

74. At the same time, I intend to increase the rate on commercial properties from 3.6% to 5%, a considerably larger increase than for residential properties. A large number of new commercial properties have sprung up in and around Hamilton in recent years, to such an extent that there is now a surplus of office space in our City. By increasing the commercial rate of land tax, I am hoping to encourage occupiers of office buildings to make better use of their space, and possibly to deter some speculative building in the future. Taken together, the increases in residential and commercial land tax rates should yield an additional \$1,590,000 in 1985/86.

75. Turning now to customs duties, I would remind Honourable Members that about one-quarter of all customs receipts are charged on a specific or volume basis, and do not rise automatically with inflation. No Minister of Finance can afford to ignore for long the loss of revenue that would result if such items were not regularly increased at least in line with inflation. This is particularly true at a time like the present, when revenue from some other sources is less than buoyant, and the balance in the Consolidated Fund has all but disappeared.

76. I have, therefore, today laid before the House a Bill providing for the following increases in import duty:

Beer and cider: 6c/litre
Spirits: \$1/litre of alcohol
Cigarettes: \$2.50/kg.
Gasoline: 10c/litre
Diesel (other than supplied to Belco): 10c/litre
Fuel oil (other than supplied to Belco): 2c/litre
Belco fuel and diesel oil: 2/5c/litre
Kerosene: 4/5c/litre
These increases will take effect immediately.

77. The increases in duty on beer, spirits and cigarettes are equivalent to about 2c per can of beer, 45c per litre bottle of spirits and 5c per packet of cigarettes. Increases in the retail price of these items beyond these amounts cannot be attributed to the higher duty, and I urge sellers of alcohol and tobacco to follow the practice of the oil companies in raising prices by the increase in duty only. In total, these changes should yield an additional \$1,000,000 in the coming fiscal year.

78. Mr. Speaker, world oil prices have fallen in the past 12 months, and the spot price of Saudi Arabian marker crude is now 2¹/₂% lower than it was this time a year ago. This has helped keep fuel prices in Bermuda stable, and retail prices of gasoline and autocycle mix are today no higher than they were just after the last

Budget, while diesel fuel and kerosene have fallen in price, despite a 1c/litre increase in October by the Dealers Association and a 0.7c/litre rise last month in the gross margin of the oil companies. While the fall in international oil prices is welcome for a country such as ours in saving us a substantial sum in scarce foreign exchange, it also provides Government with an opportunity to raise the tax on petroleum products in the knowledge that the inflationary consequences are either partially or wholly offset by declining oil prices. I am therefore proposing substantial increases in the duty on gasoline and non-Belco diesel, together with lesser increases for non-Belco oil and fuel and diesel oil used by Belco.

79. At the same time, I intend to offer some relief to taxi-drivers, who are unique in the transport industry by having their prices controlled by Government. I recognise that the increases in gasoline and diesel duties will amount to a significant increase in costs to taxi operators, who will be unable to raise their prices without Government approval. Since I wish to avoid any increase in taxi-fares in order to contain costs to our visitors, I intend to introduce legislation as soon as possible which will give all taxi-drivers a partial rebate, based on mileage, of the increase in duty on gasoline and diesel.

80. Steep though the increases for gasoline and diesel are, they still leave the tax in Bermuda as a percentage of the retail price — at some 44% — lower than in some other countries, including France and Britain, where the tax on gasoline is over 50% of the selling price. In the case of Belco's fuel, the increase in duty of 2½c a litre will increase average residential electricity prices by about 4.8% compared with this month's level, but even so, prices will be only about 1½% higher than in April, 1984, when the last Budget increase first took effect. The increase for kerosene, while having a negligible impact on revenue, will at least ensure that the duty on kerosene, which has been deliberately kept low, will not fall too far behind that on other fuel products.

81. Taken together, the increases in duties on fuel products should yield \$7,000,000 in fiscal year 1985/86, making a total of \$8,000,000 from all the changes in customs duties mentioned above.

82. Mr. Speaker, I also propose to change the duty on wine, but in such a way as to leave revenue broadly unchanged. At present, wine is charged duty at a rate of 68% on the imported value, unless that value exceeds \$3.55 a litre, in which case the value is deemed to be \$3.55 a litre. There is in addition the normal 10% surcharge. Expensive wines, therefore, the kind our

hotels and restaurants would prefer to sell to their guests, attract duty of \$2.65 a litre, while cheap table wine is charged much less. In order to redress this imbalance, and to bring the duty structure on wine more in line with that on other forms of alcoholic beverage, I propose to change the duty on wine to \$1.20 per litre. While this will increase the duty on table wine, the staple component of local consumption, it will reduce the duty on fine wine by up to \$1.45 a litre. If this is matched by an additional reduction based on the wine-merchant's mark-up, and if this is magnified again by a further reduction in our hotels and restaurants — and I should mention that I have received a commitment from the relevant divisions of the Chamber of Commerce that the duty reduction will be passed on — then it should be possible for the price of a bottle of fine wine sold to our visitors to fall certainly by as much as \$3.50 a bottle, and in some instances by considerably more. This will help to promote sales of better wines in our hotels and restaurants, which will in turn serve to enhance the quality image that we seek to project to our visitors.

83. Mr. Speaker, all the changes to the customs tariff mentioned above will take effect immediately. A number of other changes, none of real significance from a revenue point of view, will be implemented on April 1st, when completely revised Schedules to the Custom's Tariff Act will take effect. Copies of the revised tariff will be available prior to April 1st from the Customs Department.

84. First of all, the new Schedule will be shorter than the old one, thanks to the efforts of the Customs Tariff Liaison Committee, a group comprising representatives of the Chamber of Commerce and Government. That Committee has spent the best part of a year going over the existing Schedule, and the new version represents a reasonable compromise between brevity and simplicity on the one hand, and the need for statistics on the other. I have no doubt that there will be pressure for further reductions in the size of the tariff in the future but, for the moment, I would like to thank the Committee for their work. In addition to shortening the tariff — and about 140 item numbers have been dropped — the new Schedule will include consolidation of the surcharge in duty rates, and on top of that, a small upward adjustment to all rates to compensate for another change requested by local importers, namely that the base value for the purpose of calculating duty should be changed from "FOB" to "invoice cost", thereby eliminating all inland freight charges from duty. In agreeing to this change, I have accepted the importers'

arguments that the calculation of inland freight charges for duty purposes frequently causes difficulties. I have, however, no wish to lose revenue and, accordingly, a small upward adjustment to all duty rates will also take effect from 1st April.

85. The new Schedule will also contain a number of other amendments to the Customs Tariff. I intend, for example, to introduce a lower rate of duty on "wine cooler", a low-alcohol drink which is presently charged duty at the full wine rate; and in order to assist local manufacturers of awnings and shades, I intend to extend to the fabric they import the concessionary rate of duty that presently applies to awning frames. Reductions in duty will also be made to aircraft catering equipment and to a range of tourist-oriented goods, including clocks, hand-embroidered linen, and maps and paintings, in the hope that sales of these items, which have fallen to very low levels, may revive. In order to assist the local manufacture of jewellery, reductions will apply to unstrung pearls, unset diamonds and other unfinished precious and semi-precious stones. Finally, in an effort to stimulate export sales of liquor, the export duties on liquor packages will be reduced.

86. There may be some small loss of revenue from the measures, but it is likely to be offset in part by one further increase I am proposing. From 1st April, I intend to remove the exemption currently enjoyed on the import of bulbs and tubers and to bring the duty in line with that on cut flowers. The revenue raised will help to support the Plant Protection Section of the Department of Agriculture and Fisheries, which spends a considerable amount of time inspecting incoming plants.

87. I have one final thing to say before leaving the subject of customs duties. Honourable Members may recall my announcement last year that I would not be changing the duty rate on boats, which remains at 33%. Since taking up this post, however, I have noticed that a number of owners of ocean-going yachts avoid payment of customs duties by keeping their vessels overseas, yet still manage to bring them to Bermuda each year for the summer season by taking advantage of the temporary exemption from duty available under Section 6 of the Customs Tariff Act 1970. While I do not propose to eliminate this practice altogether, I do feel that some charge is in order for the temporary exemption certificates issued by my Ministry. I have, accordingly, today tabled legislation which will introduce fees at the rate of \$250 a month or part thereof for the issue of such exemptions.

88. As Honourable Members will know, the cost of providing hospital care has risen sharply in recent years in every developed country, and Bermuda is no exception. As a result, Government's contribution by way of grant to the hospitals has outstripped the proceeds from Hospital levy, despite the impressive growth of the latter. The gap has indeed widened in recent years. In 1984/85, it was an estimated \$2½ million, and current projections suggest it will grow to \$3¼ million in 1985/86.

89. While I am, of course, concerned at the way hospital costs continue to escalate, I have no alternative this year but to increase the rate of Hospital levy, which currently stands at 3%, so that the revenue in 1985/86 will not only cover the full cost of the hospitals' grant, but also provide some additional revenue to finance expenditure elsewhere. The new rate, effective 1st April, will be 4%, yielding an additional \$6,250,000 in 1985/86. The amount that each employer may withhold from his employees will, as a result, rise from 1½% to 2% of cash paid. The first payments to reflect the higher rate will be those due on 1st July, in respect of the April - June quarter.

90. The control of health costs presents us with a major problem, since the demand for health services is continually increasing, and the demand is not just for more but for improved services. New technology can promise better treatment, but is often costly to install and operate. We are presently studying, for example, whether or not to buy a CAT scanner for King Edward. A number of other items are also under consideration. We are looking, for example, at whether additional benefits should be introduced to the Hospital Insurance Scheme, such as the payment of a greater proportion of medical costs incurred during a hospital stay. We are also studying the possibility of bringing certain forms of emergency treatment which are presently excluded into the scheme, along with the provision of psychiatric treatment on an out-patient basis.

91. All of these will cost money, and looking further ahead, I have no doubt that the demand for improved health care in Bermuda will continue to increase during this decade. Hospital costs, therefore, will probably keep rising faster than other costs, and in order to fund the Hospital Insurance Scheme, increases in the Standard Premium above the rate of inflation will probably be necessary over the next few years. In the longer term, however, efficient cost control will be essential if we are to succeed where other countries have

failed in containing health costs within reasonable bounds. As a first step, the Social Insurance Department will in future validate all claims for payment in respect of overseas medical treatment. As a further example, the total charge by the Bermuda Hospitals' Board for haemodialysis will in 1985/86 be capped at a figure no more than 8% up on the total for 1984/85. It follows that, whatever the demand for the service may be in the coming year, insurers will be certain of the maximum cost they have to bear. As a result, they should be able to set their premiums more keenly, and thereby minimise the necessary increases. More generally, my Ministry is currently working with the Hospitals Board to see where further improvements can be made. I recognise that more needs to be done, and I shall certainly lend my Ministry's full support to further efforts towards greater financial control in our hospitals.

92. Mr. Speaker, I have one final revenue-raising measure to announce. Airport departure tax has remained at \$5 per head since it was last increased in 1978. An increase in line with inflation since then would suggest a new figure of almost \$9 but, mindful of the need to contain costs to our visitors, I am proposing an increase to \$8 per head instead. While I am well aware that this tax is unpopular with tourists, I do not consider that an additional \$3 per head, when set against the total cost of a vacation in Bermuda, will act as a deterrent to visitors. The additional charge will, of course, also be paid by residents, and will bring in an additional \$1,580,000 in 1985/86.

93. Before I leave the subject of taxation, I should mention that the stamp duties' legislation is once again under review. In discussions between my Ministry and the private sector, some progress has already been made, and it is my hope that in the stamp duty treatment of mutual funds and personal trusts, the two principal matters under review, agreement can be reached on changes which will encourage international business without sacrificing Government revenue.

94. Mr. Speaker, in presenting this, my first Budget, to the House, I am well aware that the tax increases I am proposing are far in excess of those deemed necessary in recent years. I would argue, however, that firm action is needed now to prevent further erosion in our Consolidated Fund. Looking back, it is clear to me that the deterioration started well before I took over the reins as Minister of Finance in April of last year. As I have already mentioned, the 1983/84 Budget re-

corded a deficit of \$8.4 million, and this is likely to be followed by a deficit of almost \$11 million in 1984/1985.

95. In both these years, we survived without recourse to borrowing only by running down the balance in the Consolidated Fund, which stood at \$21 million at the end of fiscal year 1982/83. As I have already indicated, however, that surplus has now been almost completely expended, and it is essential that Government's revenues should be increased.

96. As the experience of many other countries tells us, it is only too easy for deficit financing, once introduced, to become an entrenched feature of fiscal policy. Such an option, however, is unwise here, because of the narrow structure of our economy, the lack of domestic capital markets, and the future burden on the Consolidated Fund that overseas borrowing would place. As a matter of general policy, borrowing will not normally be undertaken except for projects which are self-financing such as the Bermuda Housing Corporation's housing programme. As I have said before, our main problem in recent years has been our propensity to live beyond our means. The result has been an unwarranted increase in local costs, a deterioration in the balance of payments, and two successive Budget deficits.

97. I am, however, not without optimism for the future. I note, for example, the confidence expressed by those companies — I am thinking in particular of Marriotts, Club Med and Liberty Mutual — willing to invest substantial sums of money in Bermuda. With moderation in pricing, a greater sense of realism at the bargaining table, and some luck — particularly from the foreign exchange markets — I think 1985 could be the year in which we stem the tide that has flowed against us in recent years. If so, Bermuda could become poised for renewed economic prosperity in 1986 and beyond, based as it must be in the long term on growth in our two main export industries.

98. For that to happen, we shall all have to work hard to preserve the qualities that make Bermuda such an attractive place to visit and to do business from. Government, of course, can only do so much, but what I have done in the Budget is to direct additional resources to two areas that are essential to our future prosperity and security. As I mentioned in the Fiscal Review, much of the increase in expenditure planned for 1985/86 reflects Government's determination to fight crime, and to assist the tourist industry recover from a suc-

cessin of lean years. By increasing expenditure on law and order, and by providing more funds for the promotional efforts of the Tourist Department, the Government is signalling its intention of seeking to preserve Bermuda as a safe and prosperous place in which to live, not only for ourselves, but for our children.

99. Mr. Speaker, I respectfully submit the Budget for 1985/86.

Business, Labor Reaction

Hamilton THE ROYAL GAZETTE in English 23 Feb 85 pp 1, 2

[Text]

Local business representatives generally turned thumbs up on yesterday's Budget, terming it a "sensitive" response to the changing economic conditions on the Island.

But labour leaders blasted calls by Finance Minister the Hon. Clarence James for restraint in wage demands, which he said could fuel local inflation.

"Dr. James is extremely perceptive as far as the situation in Bermuda is concerned," said Mr. Chris Szembek, president of the Bermuda Hotel Association. "He has very clearly perceived that without tourism, very little else is possible."

Chamber of Commerce president Mr. Leonard O. Gibbons agreed.

"This budget is giving the emphasis to tourism that it deserves," he said.

"I think Dr. James has shown he is sensitive to what is going on around the Island."

The budget drew new revenue by making modest tax increases in several areas — and gave the single largest chunk of the resulting funds to the Department of Tourism. Other measures were aimed at enhancing the stay of visitors to the Island by keeping the cost of taxi transport under control, and

knocking down the price of good wines.

But Dr. James also issued a word of warning to workers to keep their wage demands modest — in an attempt to keep costs of local services and goods under control.

His call, however, was greeted with some skepticism by Mr. Ottiwell Simmons MP, president of the Bermuda Industrial Union and by Bermuda Public Services Association president Mr. John Payne.

"He's talking gloom and doom," Mr. Payne said. "Unions, and my union in particular have always maintained that if Bermuda's economy is good we should benefit from it."

Mr. Simmons, for his part, noted that organised labour groups represent only about 28 percent of Bermuda's workforce.

"And among those people you find the lowest-paid workers in the country," he said.

With hotel waiters, bellmen and chamber maids making just \$100 a week, he said, a five percent wage increase — the level suggested by Government for 1985 — means a mere \$5 weekly pay raise.

"When we are talking about organised labour, we are talking about nickles

and dimes," he said.

When people at the low end of the wage scale get increases, he added, they do not tend to pour a huge amount of money into the local economy and overheat it.

"When doctors, or the average member of the Chamber of Commerce or Members of Parliament get a five percent increase, they get multiples of the amount a labourer would," he said.

"It's the high-salaried people who contribute most to the rate of inflation."

If there was one criticism the business class had of Dr. James' efforts, it was of the amount of Government levies taken off the paycheques of all Bermuda employees.

Employment taxes and hospital levies, said the Chamber of Commerce's Mr. Gibbons, should not become a major source of Government revenue.

"My concern is the creeping taxation on payrolls," he said. "we first had a small employment tax, then a hospital levy and now they are being increased."

He had no argument, however, with where the added revenues raised by the Government are going.

"Large numbers of people in Bermuda make the mis-

take of thinking that if tourism declines other things will take over," the Hotel Association's Mr. Szembek noted.

"This budget recognises that tourism is the base of the economy, that the entire economy is dependent on tourism.

"Although exempt companies, insurance companies, banks and other industries seem unrelated to tourism, they really are part of that package."

Mr. Gibbons said he "was delighted" to see some suggestions the Chamber of Commerce had lobbied for as part of Dr. James' budget.

"We are delighted the Government took into account our submissions on reducing duties on numerous

items, to make them into bargains for tourists," he said.

Under the new budget, clocks, linen, maps and paintings get special reduced-duty status as well as unstrung pearls, unset diamonds and other unfinished stones.

The Government is also changing the duties on wine, which will make better-quality wines more affordable, and increase the cost of ordinary table wine.

"We were meeting with Government on that and are happy with the result," said Mr. Gibbons.

"This is going to mean fine wines will cost less for Bermudians and visitors, and might do something to enhance the quality of a tourist's visit."

UBP Backbencher's Criticism

Hamilton THE ROYAL GAZETTE in English 11 Mar 85 p 3

[Text]

Local business representatives generally turned thumbs up on yesterday's Budget, terming it a "sensitive" response to the changing economic conditions on the Island.

But labour leaders blasted calls by Finance Minister the Hon. Clarence James for restraint in wage demands, which he said could fuel local inflation.

"Dr. James is extremely perceptive as far as the situation in Bermuda is concerned," said Mr. Chris Szembek, president of the Bermuda Hotel Association. "He has very clearly perceived that without tourism, very little else is possible."

Chamber of Commerce president Mr. Leonard O. Gibbons agreed.

"This budget is giving the emphasis to tourism that it deserves," he said.

"I think Dr. James has shown he is sensitive to what

is going on around the Island."

The budget drew new revenue by making modest tax increases in several areas — and gave the single largest chunk of the resulting funds to the Department of Tourism. Other measures were aimed at enhancing the stay of visitors to the Island by keeping the cost of taxi transport under control, and knocking down the price of good wines.

But Dr. James also issued a word of warning to workers to keep their wage demands modest — in an attempt to keep costs of local services and goods under control.

His call, however, was greeted with some skepticism by Mr. Ottiwell Simmons MP, president of the Bermuda Industrial Union and by Bermuda Public Services Association president Mr. John Payne.

Government backbencher Mr. Harry Viera broke ranks again yesterday to blast the Budget and launch a blistering attack on civil servants.

The Southampton West MP has set the stage for a bitter Budget debate by producing a 2,000-word report on what he calls the Budget That Should Have Been and said that alarm bells should be ringing throughout the country.

Mr. Viera is the first of what is expected to be a series of backbenchers who will criticise the Budget presented last week by Finance Minister Dr. Clarence James.

Mr. Viera said yesterday that the financial blueprint prepared by Dr. James was inflationary, would only balance the books temporarily and that he expected to see supplementary estimates throughout the year.

"This Budget is inflationary in ways that most people have yet to imagine. As usual the middle class will bear the burden."

He was widely critical of Dr. James' first effort adding: "To be fair Dr. James has inherited a melancholy mess from his predecessor who got out just in time."

But that was the only mercy Mr. Viera was prepared to show.

He warned that the civil service was increasing at an alarming rate: "The bureaucrats in their cloistered surroundings have administered programmes for their own comfort and convenience. They have enjoyed a pattern of revenue beyond that of the people who employ them."

"Compared to the average citizen, they earn more, retire earlier, and have more vacation, se-

curity of tenure and more supervisors than any private company.

"I had hoped that the good doctor would have used his surgical skills to cut away the fat and make Government more lean and muscular. Instead we continue to march backwards with swollen costs at could sink us in an economic debacle."

He said that real reforms were needed to scrape away waste and to stimulate social and political imagination.

Mr. Viera's report deals in close detail with a number of topics including: petroleum products, travel, tourism, vehicles, international business and consumer expenditure.

He received expert advice in its preparation and intends to use it as a platform for further criticism in the House debates.

PLP 'Members for Change' Response

Hamilton THE ROYAL GAZETTE in English 1 Mar 85 p 3

[Text]

THE FOLLOWING is the response from PLP Members for Change Gilbert Darrell, Walter Brangman, Lionel Simmons and Austin Thomas to the 1985 Budget presented by Finance Minister Dr. Clarence James to the House of Assembly last Friday.

We waited with some anticipation, as did the rest of the country, for the Budget and speech from the new Finance Minister, Dr. Clarence James.

We hoped that some new ideas would be forthcoming with new areas being tapped for Government revenue.

However, we see that the new Minister, and his Government, will continue to use a consumer tax to

finance Government's responsibilities.

Bermuda, like other communities in Western societies, is composed of people in different economic brackets. There are those who are financially well-to-do, those who are not so well-to-do, and those who are in low income groups. Regardless of which of these economic groups a person belongs to, they pay the

same tax for basic consumer items. This means that for someone in the lower income group, after taking care of their tax responsibility, the amount left over, known as disposable income, is relatively much lower than that of the person in any other income bracket.

The hospital levy, our personal earnings tax which approaches an equitable form of taxation, is still inequitable, simply because the two percent level of tax is the same for all income groups, whereas other societies which impose a personal earnings tax do so in varying amounts, so that the lower income earners are taxed at a lesser rate than the higher earners.

Not only is this unfair, but it leaves a vast resource untapped for Government revenue. A graduated hospital levy, somewhat similar to the graduation applied to domestic land tax would eliminate this inequity.

It is evident that the strong US dollar, along with high airline rates, is causing us to lose some of our tourist business, and that loss of business is affecting our balance of payments. Therefore, we are obliged to take steps to correct the situation.

If the Minister is looking to tighten currency control regulations to assist in the balance of payments, he must ensure that these controls impose fair restrictions on both the Bermudian resident population and the foreign work force, presently resident in Bermuda.

The Monetary Report of 1982, Page 14, notes that \$35 million left the country as "unrequited transfers". This amount is included in the section titled "Balance of Payments Estimates".

Also, it should be pointed out that when a foreign worker's contract is completed, he can transfer all his Bermuda funds to the destination of his choice. He has no tax obligation to Ber-

muda on the amount he is transferring overseas once he is deemed no longer resident here.

Another factor in the balance of payments which we continue to ignore is the amount of money which must be leaving the Island illegally to finance the illicit drug trade.

Again, in regard to the balance of payments, some countries find it expedient to devalue their currency against a major currency to increase economic activity. Of course, in some instances the devaluation is forced upon them. It would certainly require careful soul-searching to even suggest that Bermuda should devalue the Bermuda dollar against the US dollar.

We recognise the many demands for more and more Government services. Services which require staff and money. The records show that we continue to increase staff and, of course, we increase overall cost, but, we see no evidence of a determined, diligent effort to keep these costs and expansions from escalating.

One of the mainstays in effective financial control is having available an up-to-date audit of Government spending. Paget Island is one example of inefficient control. When one considers that the same person advised Government to open Paget Island and spend thousands of dollars, only to advise Government to close the project within a space of a few months, it becomes clear that there was never any proper control.

We need legislation, as they have in the United Kingdom, to assist in the proper management of producing an up-to-date audit. At this point in time we do not know how much public money has been wasted on various projects which have not been properly thought through or properly considered. In this regard we can point to the

aborted plans for the National Stadium which involved considerable amounts of public money, seemingly for nothing.

The Minister, in his Budget speech, did produce one surprise. Some time ago Government was considering following the worldwide practice of applying import duty to the CIF cost of goods. CIF is the cost of goods, insurance and freight. Bermuda has enjoyed an application of duty on cost of goods and charges up to the port of exit — no duty on freight.

The new Minister has been persuaded to go completely in the reverse direction and has dropped the duty on the charges up to the port of exit, and applied them only on the invoice at the factory. Those importers, in competition with US outlets, selling directly to local consumers will welcome this as it does reduce, somewhat, the landed cost.

But, we must have the Minister's justification for this concession. It remains to be seen just how much he intends to raise the duty to replace that loss of revenue.

We find it absolutely perplexing to understand how the Minister can expect to raise taxes on gas, cars, other vehicles, land tax and hospital levy, and suggest that the worker should not expect an increase in salary or wages to offset those additional burdens. He knows full well that these increases will directly affect those workers in the lower income brackets and will put an increased burden on them very quickly.

The Minister admits that a 2½ cent per litre increase in Belco fuel will result in a household power bill being increased by 4.8 percent. Also, we have to ask, how will the 45 cent per gallon of gas affect the use of the family car? Or the use of business trucks?

Despite the expressions of concern for our increasing

social problems, the Minister responds with punitive measures. He plans to increase the Police Force and build a bigger prison for \$20 million.

We must spend money on programmes which would prevent the escalation of social problems which, in turn, create more people who become victims and criminals. We should consider spending money for a drug rehabilitation centre which would reduce the amount needed to improve and expand the prison facility.

We are aware that new buildings alone will not solve educational problems, but we must spend more money on up-grading educational facilities and replace some of the seriously dilapidated school buildings.

Any Finance Minister would be proud to avoid deficit financing. But we must be able to agree on what deficit financing is.

Apparently, the Minister does not regard the financ-

ing of the Bermuda Housing Corporation projects as "deficit financing". The financial logic here could be that money loaned on mortgage gets paid back, so that ultimately there is no deficit, in capital terms. This cannot be said for capital projects such as a prison, sports centre, etc. There are benefits, but they are not monetary ones, so that in capital terms there is definitely a deficit. Any long term project must be financed on a long term basis. The tax payer of today should not be paying for the benefit of the tax payer of tomorrow — in capital terms.

In conclusion, we take this opportunity to state that as independent Members of Parliament, we undertake to support Government when we consider it to be in the public's best interests, but we will not hesitate to oppose vigorously any Government proposals or policies which do not meet Bermuda's needs.

Shadow Finance Minister's Reply

Hamilton THE ROYAL GAZETTE in English 2 Mar 85 p 5

[Text]

THE BERMUDA PROGRESSIVE LABOUR PARTY REPLY TO THE BUDGET STATEMENT

by Mr. C. Eugene Cox, Shadow
Minister of Finance

Mr. Speaker,

Since I delivered my first Budget Reply the economic storm clouds that have been settling over Bermuda for the past two years are now firmly upon us. Our current account surplus has been totally depleted, and we are finally being told that there were in fact deficits, not balanced budgets, over the past two years. Obviously, Government's system of record keeping is badly in need of an overhaul. Furthermore, we have been presented with a Book of Estimates and Expenditures

totalling a massive \$214 million dollars in which is included an unaudited statement of partial assets, dated 31st March, 1984.

We note with great interest the Hon. Finance Minister's attempt in his budget statement to distance himself from the former Finance Minister's claim to a balanced budget these past two years. Yet, Mr. Speaker, I remember too well how he offered more than passing support at the time, agreeing that there would be no deficit in the year 1983/84 and that most definitely there would be none for the ensuing fiscal 1984/85. This view, I recollect, was chorused by all Hon. Members sitting on the Government Benches. But, Mr. Speaker, the Hon. Minister of Finance learns fast, for within the past few months, if nothing else, he has learned how not to accept blame. His Budget Statement is punctuated with the confession that he has had to cope with the mismanagement of the Country's finances

following a period of two years in deficit.

Mr. Speaker, this Budget is notable for its punitive approach to the Bermudian woman and man in the street, while deliberately avoiding the placing of any fair burden on the upper income groups most able to bear that burden. The Hon. Finance Minister in his statements to the media stated that the wage earners must be prepared to tighten their belts, but he has said nothing of company directors and those benefiting from the Bermuda system of interlocking directorships tightening their belts and their profits.

Mr. Speaker this year's Budget Statement lacks a Fiscal Target except for the simple arithmetical claim of having a balanced budget.

Mr. Speaker, I believe that we in Bermuda are at the Economic Crossroads — that point at which we can no longer hide Government's fiscal mismanagement, at that point in time at which the people will demand to know and should be told the truth.

The Budget Statement apart from the above revelation and lacking a fiscal target, does in our view defy logic and makes little economic sense.

Defying Logic

There are four courses of action open to the Hon. Finance Minister:

(1) To be disposed to the view that the Bermuda economy can weather the economic climate created by a strong US Dollar and take no further action. However the US Dollar at this present time appears to be heading for a record one to one exchange rate with the Pound Sterling. The Bermuda dollar left on par with a strong US Dollar will in the short term result in a shortfall in tourism due to the increased competitiveness of our tourism rivals in Europe, Mexico and much of the Caribbean. In any event, the Bermuda Government is unable to change the value of the US Dollar, though it might be wise to review our Dollar's relationship with it.

Government can, however, do something about minimising the effect of the Dollar's surge via the Hon. Minister's tax policy.

(2) Mr. Speaker the Hon. Minister's Government has the option to seek via UK channels a monetary contribution from the US Government for the right to retain a US Base here in these Islands in order to make up any current account deficit, just as have other countries hosting US bases, such as Spain and Greece.

(3) A third option is to take reasonable steps to bring about a climate for investments in Bermuda that will result in a net

capital inflow of \$18 to \$24 million to match the current account deficit. This inflow can be due to either external sources, or a smaller outflow from non-Bermudians (unrequited transfer payments totalled \$35 million in 1983) or a combination of the two.

(4) A fourth option is to cut back public expenditures sufficiently to enable him to bring the current account into balance.

Such an option could commence right here in this legislature. We need no more than 18 to 25 sitting Members of Parliament. Most important legislation is passed in this House with fewer than 20 members sitting. Many other small Commonwealth Countries with three or four times our population have less than half the number of MPs.

Next item of expenditure should be, in our view, the Premier's office. I doubt, Mr. Speaker, if any member would disagree with the suggestion not to replace the Premier's Aide, since he already has two Cabinet secretaries, a PR department and the entire civil service at his disposal.

We could even set our sights higher and make one of the two Cabinet Secretaries redundant. Mr. Speaker, the Government demonstrates a suspect attitude towards the position of Cabinet Secretary, which has been a one man job for years. But the moment a black Cabinet Secretary is appointed, Government has to appoint a white one as well. Looking even closer to this chamber, Mr. Speaker, the appointment of a black Finance Minister set in motion the appointment of an alter ego in the shape of the former white Finance Minister — one who does not know the difference between balanced and deficit financing — together with a committee to oversee the Honourable Minister.

Obviously a Select Committee should be set up to look into the possibility of pruning the economic fat in the Civil Service as a whole.

With all of the above, Mr. Speaker, the Honourable Minister has the audacity to tell the people of Bermuda (see Par. 96) and I quote, "Our main problem in recent years has been our propensity to live beyond our means."

(5) A fifth economic option open to the Honourable Minister for Finance is the devaluation of the Bermuda Dollar.

Deficit Financing

Mr. Speaker, what is wrong with some prudent deficit financing? After all, Government has in reality been doing it for several years. To say otherwise is to be dishonest, for presently the Hon. Finance Minister's Department is guaranteeing the

Bermuda Housing Corporation's US \$75 million. This amount is to be drawn down by 31st March, 1986 or any outstanding amount will cease to be available. This loan agreement was put together by Morgan Guaranty Trust of New York with a consortium of banks. Since the Budget Statement shows no Public Debt to be depreciated over the next several periods and the Hon. Minister intends to draw down a mere \$3 million dollars at this time, one can conclude that the amounts already drawn down have up to the present been covered by self-liquidating projects. It should be obvious to all that this is the main reason why Government funded housing has been out of the reach of those in the lower income bracket.

Economic Sense

In recent months the people of Bermuda have been fed a regular diet about overseas investors. To name a few, we have been told that Club Med, the Marriott Corporation, and Liberty Mutual Corporation have been prepared to invest a total of U.S. \$70 million.

Mr. Speaker some of the reasons given for these investments being placed in Bermuda are:

- (1) A stable and resilient society;
- (2) The prospects for continued economic growth;
- (3) We have in Bermuda a second to none telecommunications system and efficient banking institutions.
- (4) Low investment taxes and;
- (5) Bermuda has flexible market conditions and reasonably low inflation.

Mr. Speaker, what will an \$18-\$24 million debt cost Bermuda? Factors to consider are:

Interest rates
Use of funds
Maturity consideration
Rate of return expected
Inflation expectations

Interest and inflation rates are the two most vulnerable factors and even with varying trends in inflation in the future, could go a long way to helping us.

Some shrewd negotiators have demonstrated that it is possible to get reasonable fixed rates of interest at this time.

In money terms we are talking of \$1 to \$3 million depreciation per year.

We must conclude that the Hon. Minister's approach lacks the confidence in the Bermudian people that is obviously seen by the likes of Club Med, the Marriott Corporation, Liberty Mutual and others.

Mr. Minister where is your confidence

in the Bermudian people?

The impact of Government's Taxes on Citizens, Businesses and The Tourist

Excise and Consumption Taxes

The Bermuda Digest of Statistics 1984 (which offers the latest complete set of figures up to and including 1983 in some cases) shows the current formula for the Bermuda Retail Price Index weighted as follows:

All items .51.00; Food .241; Rent .202; Clothing .062; Tobacco and Liquor .028; Fuel and Power .045; Appliances and Services .128; Transportation and Vehicles .138; Education, Recreation and Reading .096; Health and Personal Care .060

From the above table we see that of all items weighted rent makes up 20.2%, Fuel and Power 4.5%, Tobacco and Liquor 2.8% and transportation 13.8%

If we now consider an average family who purchases the average economic basket they will find themselves obtaining for every \$100 spent in accordance with the above formula:

\$24.10 on Food
\$20.20 on Rent
\$6.20 on Clothing
\$2.80 on Tobacco and Liquor
\$4.80 on Fuel and Power
\$12.80 on Appliances and Services
\$13.80 on Transportation and Vehicles
\$9.60 on Education, Recreation and Reading
\$6.00 on Health and Personal Care

Some essential taxes to be levied are:

Residential Land Tax

Residential land tax rates to be increased by 10%.

This could justifiably have the effect of further inflating the cost of rent in an average basket by a similar amount to be levied, thereby inflating the cost of living by some 2% or more.

Transportation and Vehicle Tax

Transportation and vehicle costs are to be increased by varying amounts. As individual transportation in the absence of an adequate public transportation system is required to enable labour mobility these costs will no doubt seriously affect the cost of living of those families who live some considerable distance from their place of work.

Fuel and Power Tax

Fuel and Power costs are similarly going to impact on every family as the use of energy is an essential part of modern day living.

Departure Tax

Mr. Speaker the Hon. Minister in his Budget Statement records the Government's efforts to bring about economic growth in the Tourist Industry. Indeed, his allocation of monies strongly suggests a reversal of his predecessor's stated policy, i.e. that Government would develop the International Business Sector as the main segment of the economy.

But, seemingly while the Hon. Minister is proposing to spend money overseas attracting tourists to the Islands, here locally, he appears through his tax policy determined to provide disincentives to their coming to Bermuda, i.e. Departure tax is to be increased by an additional \$3 per person.

This tax will have a negative effect on Bermudians and tourists alike, and for the tourist it will be a rude awakening that he must not only pay the higher cost of a vacation but, he must pay the higher tax even as he departs.

It is true to say that every Bermudian who has ever left these shores would agree that after going overseas they are more appreciative of their country. It is therefore our view that no obstacles, monetary or otherwise should be placed in the way of anyone desirous of going abroad for legitimate reasons. We subscribe to the view that a well-travelled person is invariably a well informed person and in the long term a better informed citizen is generally a more constructive citizen.

Commercial Properties

It is our belief that additional land taxes will in most cases be passed on to either tenants or the consumer where applicable. In those cases where the land tax cannot be passed on, the tax will compress economic activity. This latter condition is likely to apply to both residential and commercial applications.

Direct Taxation

Employment Tax and the Hospital Levy are taxes on one's income and hence qualify as income tax. Mr. Speaker, people in the private sector have already been squeezed in the recessionary period, this then leaves less money for reinvestment into the business and as dividends to the shareholders. Hence it can be deduced that any additional income tax at this time is counter-productive for it com-

presses economic activity and lessens the profitability of a business, especially the small to moderate businesses. Mr. Speaker, invariably staff are affected and it is the young and the senior workers who are likely to be sacrificed in order to keep costs down to a manageable level before more drastic steps have to be taken.

Quality of Life

The 1982 Household Expenditure Survey of Bermuda records that a typical household in Bermuda, a household comprising approximately three persons, earns about \$672 per week.

The \$672 per week which is indicated by the Government commissioned Household Expenditure Survey amounts to about \$35,000 per year. The question is, how many ordinary, average people in this society earn \$35,000 per year. Or if they are earning \$35,000 a year and over, how long has it taken them to get there?

Significantly, a sampling of four industrial working categories indicated in 1982 that the average weekly industrial wage was \$313.95 per week, or \$16,325.40 per year.

If one looks at the Government estimates, it showed that teachers, customs officers, policemen and others started earnings at about \$12,000 per year in 1982. It would then take approximately 25 years to get to the average household income of \$35,000. We have not mentioned clerks and sales persons and the people who really make up the bulk of our society. Persons at these economic levels cannot even begin to think of the above income standard. It is therefore economic nonsense to say that the average income per household in Bermuda was roughly \$700 per week or that the quality of life is good for all because we have a high Gross National Product (GNP).

Fiscal Plan

The Government's tax changes continue to place the burden on those least able to pay — the bulk of the wage earners. Thereby increasing inequality in our society. A fairer distribution of income and wealth is needed through a more progressive tax system.

Mr. Speaker, the Opposition is of the opinion that the tax system should be overhauled with the following objectives as targets:

- (1) It should generate sufficient revenue to fund the level of services which the people of Bermuda require;
- (2) It should provide an appropriate climate to encourage individuals and businesses to invest and create jobs;
- (3) It should command broad public acceptance as to its fundamental fairness,

and do so effeciently with minimal administrative burden.

We believe that government's tax policy fails to meet the above objectives.

Investments (Gross Domestic Fixed Capital Formation)

Investment is the way an economy guarantees its future growth and prosperity. Mr. Speaker we are not satisfied that the Hon. Finance Minister is doing all in his power at this time of recession to bring about an increase in Gross Domestic Fixed Capital Formation at a time when the state of the Tourism and International sectors of the economy seems more than a little uncertain.

Balance of Payments

Mr. Speaker, during the past two years, we in the Opposition, have been gravely concerned about our Balance of Payment situation. In 1983 our concerns were reflected by the representative of the International Monetary Fund who echoed our assessment. However, the Government Finance Minister continued to ignore the economic indicators that were available from his very own Statistical Department.

Such items as the continuing decline in the current Balance Surplus and the steadily increasing unrequited transfer payments appear to be changing at an

alarming rate.

However, whatever happens in Bermuda affects us all and we implore the Hon. Minister of Finance to treat as urgent the need to take whatever steps that are necessary to:

- (1) ensure that a proper audited statement is presented by the next Budget; and
- (2) consent to set in motion an information system that will yield the latest possible information on the performance of our economy on a quarterly basis.

Justice Must be Seen to be Done

Mr. Speaker, we believe that Bermudians are willing to pull their weight in the difficult economic conditions that confront us. But we also believe that Bermudians want justice to be seen to be done under Government stewardship, with an equitable spreading of the tax burden so that those that are able to pay also pull their weight and tighten their belts. When that happens it will become possible for Government to truly address in a meaningful and in-depth way the causes of social instability in our society, from the lack of affordable housing for those most in need to the provision of adequate facilities and programmes for the young people of this Country who in the final analysis will be Bermuda's salvation or its downfall.

Swan Warning on Economy

Hamilton THE ROYAL GAZETTE in English 2 Mar 85 p 1

[Text]

Premier the Hon. John Swan last night warned the Country was on the brink of economic disaster and needed to face up to reality if it wanted a healthy future.

In a long speech to the House of Assembly, Premier Swan said the economy is in shoddy shape and cited confidential reports that reveal almost every other Hamilton business was not doing well.

The Premier also cited lawlessness, social problems, a failing school system, Bermuda's arrogance and material satisfaction as factors undermining the economy.

"People are being turned off," he said during a debate

on the budget. "Other people lack motivation. Nobody's inspired to do anything, to do something extra.

"This budget is faceless, useless and inoperative if we don't get our act together and perform."

Mr. Swan attacked Mr. Ottiwell Simmons, President of the Bermuda Industrial Union, who is negotiating for the hotel workers. He referred to Mr. Simmons as "one man, one god. There are 6,000 people out there waiting for him to tell them which way to jump".

Mr. Swan said he had to answer to a Back Bench, a Front Bench and the people of Bermuda, but Mr. Sim-

mons "seems to have a very limited audience to answer to"

If the hotel workers strike, Mr. Swan said the budget would be meaningless. He considered it a "most irresponsible act" that the hotel negotiating teams were so far apart.

Throughout the 50-minute speech, Mr. Swan stressed the economy was in bad shape.

"It's a lot worse than the Minister of Finance made out," he said. "And the world owes us nothing."

The Premier said he was privy to some confidential reports that showed: "Almost every other business downtown has got some pretty rotten bottom lines."

Mr. Swan said people can't continue to think things will be good forever. He said people had been led into a false impression that Bermuda was insulated from bad times.

"We need a national commitment to take this Country forward, to some good, sound thinking that can get us back to doing business."

"Our problem rests with

our people. It's within our own hands that our destiny rests."

In particular, Mr. Swan said the education system was not working and he suspected it needed an overhaul.

He said people were "putting on a shoddy performance" because they had become satisfied with material possessions.

"We're turning out to be a pretty arrogant Country," he said. "We'll solve our problems if we admit to what's wrong with ourselves."

Curbing lawlessness, reducing drug use, giving young people direction and cleaning the streets were problems that could be solved through individual effort.

Mr. Swan said the Island has good hotels, some of which are being renovated, and a fairly good environment. But there were personality problems among people catering to the tourist industry such as waiters, taxi drivers and hotel managers.

"It's all up to each and every individual," Mr. Swan said.

CSO: 3298/526

BERMUDA

BUSINESS LEADER RAPS GOVERNMENT FOR ECONOMIC MALAISE

Hamilton THE ROYAL GAZETTE in English 15 Feb 85 p 15

[Text]

Government should get off its backside and start actively supporting Bermuda's international business industry instead of just collecting company fees.

The fighting talk is from the lips of management company chief Mr. Stuart Grayston who last month became chairman of the Bermuda Insurance Association (BIA).

Mr. Grayston thinks Government is merely doing the best it can with the facilities it has, but no more.

"And that simply is not enough," he told *Business* yesterday.

The BIA chairman wants more official time and money to be devoted to promoting the Island's offshore industry which he claims is getting a raw deal compared to tourism.

"Just look at the figures," he demanded. "Look at how much money is spent on pushing tourism. Look at the number of civil servants working on tourism and compare that to what the offshore industry gets."

"This Government is

treating the offshore business as though it were a stepchild to tourism and it's about time it got off its backside and gave some active support," he said.

The insurance boss maintains Government has never been serious in its approach to the international business sector of the economy whose 6,000 registered companies employ a workforce of more than 2,000.

"Government has been content to sit back and collect fees from business drummed up by our lawyers, bankers and management people," he argued. "This is passive support. What the industry now needs is active support."

Mr. Grayston, who runs his own management company in Hamilton, urges Government to get serious.

He says it should be able to come up with ways in which the offshore industry can generate more revenue for the Island.

"Government should be thinking about how Bermuda can cater to the needs of business visitors who gen-

erally spend more money here than regular tourists," he said. "They should be looking, for example, at whether we need a conference centre in Bermuda. And they should consider sending official representatives on regular goodwill visits to the world's financial centres such as London, New York and Hong Kong."

The BIA chairman believes international business and tourism are "mutually supportive".

He points out that one of the reasons companies incorporate here is because of Bermuda's well-developed infrastructure and communications facilities.

"Companies wouldn't come here if we couldn't support them and we couldn't support them if it were not for the fact that our tourism has forced us to have good air links and hotels," he said. "These two industries are mutually supportive and this is something we should never lose sight of."

3 May 1985

BERMUDA

TOURISM HURT BY INTERNATIONAL FIRMS' SPENDING CUTS

Hamilton THE ROYAL GAZETTE in English 7 Feb 85 p 15

[Text]

Spending cuts by international companies are partly to blame for last year's lower tourism figures, a leading accountant and business manager claimed yesterday.

Mr. David Anfossi, a partner in the accounting firm Anfossi Dale, says fewer overseas executives are now visiting the Island.

And he maintains that those who do come here are not staying as long as they used to.

Said Mr. Anfossi: "International companies would often send two or three executives and secretaries to business meetings here. They would usually stay about three days. But it seems this is not happening now."

Mr. Anfossi, a former chairman of the influential Bermuda International Business Association, says many companies now send in just one executive who spends as little time as

possible here in order to minimise expenses.

"It's gone from two or three people spending up to three nights here to one person staying one night," he told *Business*. "This kind of thing could well account for most of our lost tourism business last year."

Figures from the International Companies Division of the Chamber of Commerce only partly confirm Mr. Anfossi's argument.

They show a 19 percent fall in the number of recorded business visitors to Bermuda during the first nine months of last year. ICD's 193 members companies reported visits by 3,085 executives against 3,819 during the same period in 1983 — a fall of 734.

But the data, which is not conclusive since it does not cover all business visitors to Bermuda, indicates that the average length of stay actually rose slightly to 3.6

nights.

Mr. Anfossi also points out that some businessmen no longer feel the need to travel to Bermuda.

"There is a noticeable trend towards doing business over the telephone, telex or facsimile equipment rather than coming to Bermuda," he said.

The accountant feels strongly that the affect of international business activity is often forgotten when considering factors which led to last year's 6.8 percent drop in the number of tourists arriving here.

And he claims that official figures on tourist arrivals will often include business visitors who prefer to tick the holiday category on their immigration cards rather than say they are here on a business trip.

"They tend to feel this makes for a smoother passage through immigration," he said.

CSO: 3298/527

BERMUDA

JOBS DISAPPEARING AS ECONOMY CONTINUES ITS SLOWDOWN

Hamilton THE ROYAL GAZETTE in English 20 Feb 85 p 1

[Text]

Bermuda's faltering economy was hit yesterday when Air Canada and Intex admitted they were axing total of nine jobs and the Southampton Princess Hotel said it intended shedding up to 16 jobs.

Air Canada and Intex, the Hamilton-based futures exchange, said the job-losses from their Bermuda operations were part of international cost-cutting exercises.

The Southampton Princess said last night it wanted up to 16 redundancies among its maintenance staff and talks were already being held with the Bermuda Industrial Union.

The Air Canada and Intex job-losses bring the number of posts lost on the Island this week to 22 — Bermuda Office Supplies admitted on Monday it was sacking 13 of its 57 staff because of a down-turn in business.

Cable & Wireless has also announced three redundancies among its telegram staff.

Intex is sacking five of its eight employees and yesterday blamed the move on the world economic climate. Four of the five are Bermudian.

Air Canada is seeking four early retirements among its staff of 17. The job-shedding is part of a company-wide programme involving a total of 400 of the government-

owned airline's 21,000 employees.

The Southampton Princess Hotel wants to close its 16-strong carpentry and painting shops and give the work out to local sub-contractors when necessary.

The rash of job-cuts comes as Finance Minister the Hon. Clarence James prepares to present his first Budget on Friday to a Country already worried by a faltering tourist industry and a stagnant international sector.

Intex general manager Mr. David Thompson said the strong dollar and falling gold prices had hit the automated futures exchange's trading. A total of 10 jobs, five in Bermuda, were being lost throughout the firm.

Air Canada's four jobs are all in passenger handling. The four employees will all receive standard severance terms according to their length of service.

Manager Mr. David Young said Air Canada was expanding its services, despite the jobs cut-back.

"We're going through quite an exercise. Deregulation has caused us to trim back to become a leaner company. The prospect is of us being privatised, just like British Airways," he said.

The airline is likely to use more part-time workers in the future. Mr. Young said it made little sense for all em-

ployees to be full-time with only eight flights a week into Bermuda.

But he did not know whether these job cuts would be the last in Bermuda.

"I wish I could say. I can't tell. We're in a healthy position here with our services but who is to say what's around the corner?" he said.

Air Canada claims the lowest North American price from Bermuda at \$229 for the round trip to Toronto. Mr. Young said Bermuda produced a 12 percent sales growth last year.

The worrying aspect for Government of the spate of redundancies is that they follow a different pattern to previous job-losses. There has been a constant trickle of lost jobs in recent months, particularly as the international insurance market went through a major shake-out.

A number of companies cut back business in Bermuda or withdrew completely from the Island, axing a few jobs in the process. But, Air Canada apart, the new job-losses all involve company policy decisions in Bermuda.

Southampton Princess Hotel General Manager Mr. Ted Kleisner said the 16-strong work force of the carpentry and painting departments is to be made redundant.

He said talks had started with the BIU and it was hoped to find other jobs for

some workers from the two maintenance departments in the hotel.

"It's a sign of the times," he said. "If we are not looking at every area we can to improve efficiency and productivity we will not be one of the survivors."

"Some of these workers will be offered alternative jobs, that are substantially the same as the jobs they are doing now."

"I have only started discussing this with the BIU this week. We are approaching the entire issue with a great deal of sensitivity and through our good working relationship with the BIU."

"It's strict economics. When the occupancy rates were in the mid-70s we could afford certain luxuries, not the least of which would be a full-time carpentry crew. We can no longer afford these luxuries."

Occupancy rates in the hotel industry have now dropped from the 70 percent range to the low 60s.

"This is just good business sense. If we are not doing this we are not good businessmen. I think this is in the best interests of the other employees. They need a viable business to secure their positions."

But BIU President Mr. Ottiwell Simmons MP said he was unaware of the negotiations, and said they might be taking place at shop steward level.

BERMUDA

TRADERS THREATENED BY PLP STAND ON SOUTH AFRICA

Hamilton THE ROYAL GAZETTE in English 7 Feb 85 pp 15, 16

[Article by Howard Rose]

[Text]

Businessmen hoping for clues about how a Progressive Labour Party Government would deal with South African-linked firms received little joy from yesterday's Senate debate.

PLP Senator David Allen spoke in favour of banning all South African companies and their subsidiaries from Bermuda but concentrated on the moral principle of opposing apartheid, rather than the mechanics and accounting of a ban.

Government senators held to the line laid out by Premier the Hon. John Swan to *Business* earlier this week, before the debate: apartheid was to be deplored but banning certain firms for their links would damage Bermuda's image in the international community.

Senator Allen proposed a simple motion urging Government to take steps to end the presence in Bermuda of South African companies and their subsidiaries.

The motion implied South African-linked companies would be expelled from Bermuda, although Senator Allen never made this clear.

He left a series of other questions hanging unanswered:

■ What is a company of South African origin?

■ How do you define subsidiary?

■ Why is a firm of South African origin different to a firm which trades with the country?

■ How long does a company have to be based in Bermuda before it loses the tag "South African"?

■ What would be the direct cash loss to the Bermuda economy if South African companies were expelled?

■ What would be the cash effect on Bermuda's role as an off-shore international company base?

■ Would international company confidence in Bermuda collapse if a ban was imposed?

Senator Allen centred his attack on Minorco, a metals and mining investment company based in Hamilton since 1970 and formerly called *Zambian Anglo American*.

Minorco was set up to handle the international investments of multi-millionaire Mr. Harry Op-

penheimer's business empire based on De Beers and his own Anglo American company.

Senator Allen quoted Anglo American as the largest single foreign investor in the United States and described Minorco as a conduit for South African funds to be invested abroad.

"Bermuda's reputation could be strengthened if we took action on the economic claim for rights in South Africa," he said, adding the Island's international business community was brought into disrepute by the presence of South African companies.

Senator Allen never touched on the need for exempt company support for the boycott campaign. The alternative is risking the international sector leaving the Island wholesale.

Whatever the merits of expelling Minorco and banning other South African-linked firms, Senator Allen and the PLP need to marshal facts, figures and arguments better if they are to convince the international company community and win its support.

BERMUDA

ECONOMIC DISCRIMINATION MOTIVATES 'GREEDY HANDFUL'

Hamilton THE WORKING VOICE in English 8 Mar 85 p 2

[Editorial]

[Text]

The story about a young, Bermudian boat-builder in this edition is but one of many we are hearing these days, in increasing numbers.

For some time now, Bermudians have been urged to provide "cheerful, polite service" to our visitors. Bermudian hotel workers and shop assistants (to a lesser degree) have been constantly criticized, for their "negative" attitudes towards our "bread and butter" — the tourist.

Yet is it any wonder, that a people, born and bred in this small, island colony (and with nowhere else to go), should reflect the pressures and negative attitudes adopted towards THEM by their foreign "bosses" and by their elected representatives in government?

The Bermuda-born worker has long since been forced to recognise the fact that the days of "easy living" are gone. For several years now, Bermudians have, in fact, been struggling just to maintain a standard of living to which they have become accustomed.

More and more laws are being enacted about which the average citizen knows nothing. Yet ignorance of the law is no excuse in a court of law.

The system of taxation — ad valorem — (about which the workers of Bermuda complained in the White Paper in the 40's) still exists today. Under this system, the poor man bears the heaviest burden of taxation.

(Under this system, and in a society which imports everything, a man with an income of several hundred thousand dollars per year

pays the same prices as a man earning only about \$15,000 to \$20,000 per year).

Add to this the numerous overt taxes that have appeared and grown in the past 12 years, and it is not difficult to understand why Bermudians feel they are fighting a losing battle for existence in their own country.

To add insult to injury, the same Bermudians see increasing numbers of foreigners getting top jobs in the business sector and in Government (after gaining status). And an increasing number of foreigners are setting up businesses in Bermuda and prospering.

In past years, a select group of born Bermudians, members of the old white colonial families, have acquired immense wealth, from the toil of other Bermudians.

But it is evident that the bulk of that wealth has long since been invested outside Bermuda. And their example has set the pattern for Bermudians who followed in their footsteps.

Thus, the greed of a handful; covert racism and a policy of divide and rule has created all the troubles that this Island faces today.

Yet still, the average born Bermudian is being blamed for everything — from bad management (generally foreign), to the financial difficulties being experienced by an inadequate and totally inexperienced government, composed, in the main, of self-serving individuals, who appear to be motivated only by greed and self-aggrandizement.

A new generation of foreigners and "status" citizens have taken over from the 40 thieves. Trouble is, the 40 have now grown to 400, and they have learnt the lesson well from their former masters!

We are told that GREED is one of the seven deadly sins, and it is alive and flourishing in our Island "paradise" today.

Yet, as always, it is the non-aggressive, easy-going, unambitious, average Joe who is being trampled out of existence in his own country. And, at the same time, he is being cursed and blamed by those doing the trampling!

BERMUDA

HOTEL EMPLOYERS BREAK OFF NEGOTIATIONS WITH UNION

Hamilton THE ROYAL GAZETTE in English 27 Feb 85 pp 1, 2

[Excerpt]

Hotel employers broke off negotiations aimed at a new wage and benefits contract for 3,000 employees yesterday — just two days after the workers' existing agreement had expired.

Last night the Ministry of Labour offered its services "as mediator and conciliator" in the dispute — an offer which neither side has as yet accepted.

The Hotel Employers of Bermuda (HEB), representing all major hotels on the Island, broke off negotiations at the end of yesterday's bargaining session, citing Union wage demands as the reason.

The move capped six weeks of talks, which both sides termed inconclusive.

Regarding the possibility of a strike, Bermuda Industrial Union (BIU) president Mr. Ottiwell Simmons said: "There is no question of it in my mind."

"This is up to the workers," he said. "I am not looking forward to a strike. The BIU is prepared to return to the bargaining table any-

time."

He added the hotel workers will meet tomorrow afternoon, when the state of negotiations and the issues of wages, pensions and the gratuity system will be discussed.

Mr. Simmons said his feeling was that the HEB "wants to do away with the collective bargaining system" and use Government arbitration instead. His preference, he said, is a return to bargaining.

HEB president Mr. Gordon Ashbury said last night he hopes the Union "will realise the seriousness of the situation and reconsider its position on wages."

"At this stage, we are not asking for any government intervention," he added.

Labour Minister the Hon. Sir John Sharpe said his department delivered letters to both parties yesterday, offering them the services of its labour relations officer as a mediator and conciliator.

CSO: 3298/528

BERMUDA

OPPOSITION TOLD UNITY IS VITAL TO PARTY'S SURVIVAL

Hamilton THE ROYAL GAZETTE in English 18 Feb 85 p 2

[Text]

The Progressive Labour Party must set aside its internal differences in order to survive and prosper as a political force, an authority on Caribbean and African affairs told the Party's 22nd anniversary luncheon yesterday.

"It is necessary for the Party to go beyond the divisiveness of those who attack its leadership," Dr. Acklyn R. Lynch, a professor of African-American studies at the University of Maryland, told an enthusiastic crowd of 150 PLP members at the Inverurie Hotel.

"The ingredients of loyalty and solidarity must remain central to the growth of an organisation," the Trinidad-born academic told his often-applauding audience.

"Divisiveness which challenges leadership can only bring about disaster. You must move step by step in concert."

In a wide-ranging speech delivered in a fiery, revivalist style, Dr. Lynch noted the creation of the PLP in 1963 coincided with a time of raised consciousness about black rights in the US and in Africa.

"Your message in 1963 was that we want to build a Party that will speak to freedom and dignity," he said.

He also gave a vote of confidence to Party leader Mrs. Lois Browne Evans and her abilities — without actually naming her.

"Inside the political life of our colonial world the women do the work and the men take power," he said.

"But this notion of male chauvinism is suicidal. Men, and black men particularly, have an attitude of looking around them for money and prestige. They are distracted easily," he said.

"Women look for the truth."

He also warned the PLP that in order to ensure its long-term viability, it must "speak to" the youth of the Island.

"Your first responsibility as a Progressive Labour Party is to labour and your second is to youth," he said. "If you don't speak to youth somebody else will and turn them against you."

He added that "if this Party is dedicated to progress and independence," it must become a force which can train the young people of Bermuda to rise to the responsibilities that Bermuda's political independence will someday bring.

"It is the young people who will be saddled with the responsibility of independence when Bermuda gains it," he said.

Dr. Lynch said the training of youth to meet the challenges of independence is doubly important in the context of a worldwide "global design in population shifts" which is currently underway.

"We are witnessing a redistribution of a conservative white population which will take away the rights of the progressive labour movement," he said.

The "rugged individualism preached by the elite of the world," he added, is "a bankrupt ethic" which groups like the PLP must stand against.

"We have a responsibility to the poor and to labour," he said. "Nobody makes it without some help. Each of you is a global person involved in a global struggle for humanity."

CSO: 3298/528

BERMUDA

VIERA, MARSHALL RETURNED IN UBF BRANCH PRIMARY VICTORY

Hamilton THE ROYAL GAZETTE in English 15 Feb 85 p 1

[Text] MPs Mr. Harry Viera and the Hon. Ralph Marshall were last night given a vote of confidence by Southampton West members of the United Bermuda Party.

The two, who campaigned as a team from the moment the branch primary was called, easily beat off the challenges of businessman Mr. Walter Sharpe and Senator Llewellyn Peniston.

Mr. Viera topped the poll at the Southampton Glebe School with 524 votes followed by Mr. Marshall with 425, Mr. Sharpe with 278 and Senator Peniston with 271. Five ballot papers were spoiled, a total of 792 UBP branch constituency members voted.

Afterwards the jubilant MPs thanked all concerned for their victory.

Mr. Marshall, who has represented the parish since 1963, said: "It's obvious that the UBP voters are not completely happy with Harry and Ralph but we will represent them all to the best of our ability, as we will all members of the constituency regardless of whether they belong to the Party."

Mr. Viera, who has represented the constituency since 1968, said he "definitely" took the result to be a vote of confidence in his and Mr. Marshall's style of representation, but he added: "I do not consider it a personal victory but a victory for the voters."

Mr. Sharpe said it had been worth contesting the Party nominations but conceded that there was no doubt the constituency backed the Marshall-Viera team.

"It was well worthwhile for the constituency as a whole," he said.

Senator Peniston congratulated the winners but promised to return.

"The result serves notice that Mr. Marshall and Mr. Viera just cannot take things for granted. There are others coming along so if they are not on the ball they will find themselves under siege.

The primary was called last month after Mr. Sharpe and Senator Peniston announced their interest in contesting the nominations.

Constituency chairman Mrs. Alice Rans said the contest had attracted the highest branch membership on record. On January 31 more than 930 constituents had registered.

BERMUDA

JAMES REAFFIRMED OVER MARSHALL AS DEPUTY DIRECTOR

Hamilton THE ROYAL GAZETTE in English 22 Feb 85 p 1

[Text]

Finance Minister the Hon. Clarence James received a Budget eve vote of confidence from his fellow MPs yesterday but not without the whisper of a political sensation.

Dr. James was reaffirmed as Deputy Premier without opposition yesterday morning by his colleagues in the United Bermuda Party caucus.

But last weekend there had been moves to nominate another candidate — backbencher the Hon. Ralph Marshall — for the position as number two to Premier the Hon. John Swan.

Had Mr. Marshall contested and won the post it would have been a major surprise but those backing him are thought to have been aiming their campaign at Mr. Swan rather than Dr. James himself.

In the event United Bermuda Party caucus members were reluctant to support another candidate at a time when Dr. James was about to present his first Budget and his reaffirmation is seen as a vote of confidence in his work as Finance Minister. He was not opposed at yesterday's meeting.

One source said last night that there would not have been sufficient support for Mr. Marshall even if he had stood.

Others say that Mr. Marshall stood down because he and his supporters did not want

to be seen to be criticising Dr. James at such a sensitive time and that another challenge might emerge in the near future.

The selection of Mr. Marshall, fresh from his encouraging victory in last week's Southampton West primary, would have proved a real embarrassment to the Premier.

In effect the backbenchers would have appointed a member of the Cabinet, and a senior one at that.

The number two post is the only Cabinet appointment not made by the Premier — MPs make their choice and he would be expected to ratify it — and the selection of Mr. Marshall would have been regarded as a very serious challenge to Mr. Swan's authority.

Mr. Marshall has been an outspoken critic of some Government policies and was sacked from the Cabinet when Mr. Swan became Premier.

■ Following his reaffirmation, Dr. James will be Acting Premier next week when Mr. Swan and Cabinet Secretary Mr. Kenneth Richardson fly to Jamaica for a two day meeting with Canadian Prime Minister Mr. Brian Mulroney and Commonwealth heads of Government in the Caribbean.

CSO: 3298/528

BERMUDA

DRUG RAID SPARKS BOMB ATTACK ON POLICE CHIEF'S HOME

Arrests in Somerset Raid

Hamilton THE ROYAL GAZETTE in English 16 Feb 85 p 1

[Text]

Police swooped on a gang of youths gathered at a "drugs supermarket" in Somerset yesterday, arresting 23 people — several of them suspected of possessing or trafficking narcotics.

Thirty Police officers carried out the raid on a building on private property near the Royal Naval Field at Somerset, an area also known as the "drugs supermarket."

The mass arrest was staged during pouring rain at 5.30 p.m. Those rounded up were standing in the verandah of the building on Somerset Road.

"It was a well-executed operation," Police spokesman Sgt. John Instone said. "There were 23 people arrested and a quantity of drugs seized."

Most of those arrested, he added "are believed to be in the young age group."

Most were charged with causing a public nuisance, but there were also numerous drug charges laid, he said.

The well-organised foray involved Police officers from the Somerset division, the Drugs Squad and the motorcycle division.

"This was the result of continuous complaints from the public about youths in

the area, drinking, causing a general nuisance and trafficking drugs," Police spokesman Sgt. Roger Sherratt said.

"It's a well-known hang-out, and we are aware people have been concerned about it and its description as a drugs supermarket."

Sandys North MP Mr. Lionel Simmons said last night he "has been concerned" about the activities in that area.

"It has been alleged drugs have been sold there," he said. "It's important that everyone in Bermuda make every effort to stamp out this problem."

All detainees were taken to the the Somerset Police Station to be identified and to have charges against them determined. But "because processing all those people in one station could take all night," Sgt. Sherratt said, the majority of them were transported to the Hamilton Police Station.

Most will be bailed during the weekend, he said, except for those charged with drugs or other "more serious offences." They are likely appear in Magistrates' Court on Monday.

Arrests in Bombing Incident

Hamilton THE ROYAL GAZETTE in English 19 Feb 85 p 1

[Text]

Two young men were remanded in custody for two weeks yesterday charged with the attempted fire bomb attack on Police Commissioner Frederick Bean's home on Saturday.

In a 15 minute appearance at Plea Court yesterday, Leslie Grant, 19, and Clement Cumberbatch, 23, faced three charges relating to the incident. They did not have to enter pleas.

In a grave voice, Magistrate the Wor. Ephraim Georges read out the charges to the packed court.

They were that on February 16, Grant and Cumberbatch, being concerned together, made a petrol bomb.

On the same day, with intent, did attempt to cause damage to the property of Frederick Bean and cause injury to the said Frederick Bean, by throwing a petrol bomb.

And finally that again on February 16, did attempt to set fire to the dwelling house of Frederick Bean, while the house was occupied.

Cumberbatch of Sound View Road, Sandys, a tall slim youth with a goatee beard, wore a yellow rain jacket, jeans and brown shoes with no laces, and dark glasses.

Grant of Bat and Ball Lane, Sandys, wore jeans and a blue windbreaker. He was of medium height and build, and clean shaven.

Mr. Archie Warner for the Crown objected to bail because of the seriousness of the offences, the possibility that they could be repeated, and the possibility that witnesses could be intimidated.

Mr. Richard Hector, for Grant, applied for bail. Cumberbatch was unrepresented until Mr. Alan Dunch offered to act as amicus for his colleague Mr. Paul King.

The defendants were remanded in custody until March 4.

Swan on Police Determination

Hamilton THE ROYAL GAZETTE in English 19 Feb 85 pp 1, 2

[Text] Premier the Hon. John Swan, Home Affairs Minister the Hon. Sir John Sharpe and Police Commissioner Frederick Bean yesterday all warned that the Police would not be intimidated by violent attacks.

Their comments came after a fire bomb attack on the Police Commissioner's home in Somerset at the weekend.

The Premier said he was appalled by recent attacks against the Police and urged the public to help stamp out the violence.

He said: "I know that the public at large is fully supportive of the service our dedicated Police officers provide.

"Let's not allow the acts of just a few to prevent the Police maintaining law and order in this community."

Home Affairs Minister the Hon. Sir John Sharpe condemned the attack as cowardly and insisted the Police would now be more determined than ever to bring violent criminals to justice.

He said: "I am sure in this I speak for all right thinking Bermudians who will condemn and deplore it, since an attack on a policeman, and particularly on the Commissioner, must be regarded as an attack on law and order, and indeed as an attack on each of us."

He added: "This latest incident seems misguidedly, to assume that the Police can be intimidated, and deterred from doing their duty?"

Police Commissioner Bean insisted the Police would not be intimidated by violence.

He said: "I would say that recent events have served to make me and the service as a whole even more determined in our efforts to come to grips with crime in the community, regardless of the consequences."

They were supported by Imam Cromwell Shakir of the Bermuda Muslim Missions who said the attack on the Commissioner's home should be regarded as an attack on law and order.

"This attack on the home of the Commissioner of Police should be condemned in strong terms, however, this does not suggest that members of the Police be sanctioned and given licence to blatantly and indiscriminately harass the general law-abiding public," he said.

The text of the Premier's statement is: "I am appalled at the recent attacks against the Police, and I call upon the police to continue supporting the Police Service in every way possible in an effort to bring an end to these attacks.

"I know that the public at large is fully supportive of

the service our dedicated Police officers provide.

"Let's not allow the acts of just a few to prevent the Police maintaining law and order in this community."

The text of Sir John Sharpe's statement is: "Until I read *The Royal Gazette* this morning I did not know of it, but on behalf of the Government I would like to extend to Commissioner Fred Bean and his wife our sympathy at the cowardly attack on his residence.

"I am sure in this I speak for all right thinking Bermudians who will condemn and deplore it, since an attack on a policeman, and particularly on the Commissioner,

must be regarded as an attack on law and order, and indeed as an attack on each of us.

"In Bermuda we are uniquely fortunate in having a Bermudian Commissioner who is admired and respected, not only as a first rate professional dedicated to his work, but also as a man of the highest integrity.

"Similarly we have a Police Force comprised of Bermudians and non-Bermudians who are honest and dedicated in their defence of law and order, and of our persons and our property.

"This latest incident seems misguidedly to as-

sume that the Police can be intimidated, and deterred from doing their duty!

"Quite the contrary, the Police Service will now be more determined than ever to bring to justice those in our community who seek to undermine its fabric, and our safety, with drugs and crimes of violence.

"And in their efforts I would like to make it clear to the Police and the public — and particularly those engaged in, or contemplating criminal activities, that the Police have the full hearted support of the Government whose efforts these past few years have been to give them the tools to do their job."

The text of Commissioner Bean's statement is: "On 31st January, following the shooting of Police Constable Beckles, I stated that the Police would not be in-

timidated by violence in any form.

"In the light of my residence having been the target of a fire bomb attempt over the weekend, I wish to state unequivocally that I stand firm by my former statement.

"In fact, to reinforce it, I would say that recent events have served to make me and the Service as a whole even more determined in our efforts to come to grips with crime in the community, regardless of the consequences.

"There can be no question that the maintenance of law and order is paramount to the survival of our community and the public must realise that it has a vital part to play in preserving the tranquility of this Island, however difficult that might be."

CSO: 3298/529

BERMUDA

PLP SEEKS DEBATE ON, AWARENESS OF U.S. NUCLEAR ROLE

Motion in House

Hamilton THE ROYAL GAZETTE in English 18 Feb 85 p 5

[Text]

Sandys North MP Mr. Lionel Simmons has opened the door for a full debate in the House of Assembly on the nuclear arms issue.

Last Friday Mr. Simmons, a PLP Member for Change, introduced a motion which should appear on the order paper for this week's debate noting there is "growing concern amongst Bermudians about the possible deployment of nuclear weapons in Bermuda."

He told *The Royal Gazette* his motion was prompted by statements by Premier the Hon. John Swan last week that he would not be looking any further into the question of nuclear weapons being deployed in Bermuda.

"We are aware the Premier has had meetings in the United States on this issue and is privy to information which has not been made public," Mr. Simmons said.

"What I'm seeking to do is bring the issue out in the open and give members an

opportunity to question the Premier about the situation.

"I thought this would be a good time to have a full debate on the floor of the Assembly."

Mr. Simmons' motion is, he added, worded in such a way as "to encourage every Member to express his personal views on this — to have an unrestricted discussion so no one feels they have to support any particular party line."

The motion simply states that the House should "take note" of the public's concern about the possibility of nuclear weapons being deployed in Bermuda.

"Many people and organisations in Bermuda are concerned about this issue," he said.

However compelling public interest in it may be, however, Mr. Simmons' motion is unlikely to be debated this week — since the Budget, which is scheduled to come before the House, will undoubtedly get star billing.

3 May 1985

PLP Enlightenment Campaign

Hamilton THE ROYAL GAZETTE in English 22 Feb 85 pp 1, 7

[Text]

Britain is expected to reply with "some substance" to PLP concerns over the controversial US plans to place nuclear weapons on the Island.

Opposition Leader Mrs. Lois Browne Evans said her letter had been acknowledged and she was expecting a full reply from the Foreign and Commonwealth Office.

Speaking at the first of a new series of monthly press conferences, Mrs. Browne Evans said the matter was obviously being considered in depth.

She reasoned: "It must have some substance, more than the American authorities who said they would neither admit nor deny..."

Mrs. Browne Evans said visiting Foreign Office dignitary Mr. O. M. (Mick) O'Brien had promised a reply would be forthcoming.

The matter was apparently in the hands of Foreign Office Minister of State Baroness Young.

The PLP wrote to British Foreign Secretary Sir Geoffrey Howe last month after the revelations of nuclear war expert Mr. William Arkin were printed in *The Royal Gazette*.

Mr. Arkin revealed secret US plans to send 32 nuclear depth charges to Bermuda in times of emergency.

Yesterday, Mrs. Browne Evans said the revelations had shocked Bermuda into the 20th Century.

"We feel something's in the making, and we have begun to oil our machine," she said.

She stressed that all her Party could do was educate the People. She said some Bermudians did not know what NATO was, and she promised: "By the time we are finished, they will know."

"We regard this matter as most important to this country, and we realise that, in those people who are not aware, their awareness must be heightened."

Asked about the nuclear awareness group in Bermuda, she said it had gone up and come down like a mushroom.

"It's a serious situation that impinges on many things, including our sovereignty."

"Even if we are a colony, it's just not done for people in this day and age to sit around a table and make plans for the future that could so devastate the lives of Bermudians."

"People are fed a diet of it's wonderful to have so many consumer durables. What they are supposed to be concerned about, they are not concerned about."

"We must condition people another way to be concerned about what is going on in the rest of the world, to be conscious that on our shores we are a cog in this wheel."

She said she wanted to get information from New Zealand, the British Opposition

Labour Party and Canada about how to resist the placing of US nuclear weapons on Bermuda soil.

Mrs. Browne Evans was accused of using the issue to shift attention from the split in her Party that spawned the dissident Members For Change movement.

"We would have taken this issue whether or not there had been the expulsion of some of our members in November," she said. "I rather like points that are international and of a high plane. I have always liked them."

"The same thing was said when we talked about constitutional changes."

Asked how she felt about the Members For Change jumping on the PLP nuclear bandwagon, she said: "We have been the forerunners in this country of all the political parties."

"The UBP have jumped on our bandwagon in the past. At least, we have a wagon for people to jump on."

Party chairman Mr. Alex Scott revealed that the PLP was canvassing homes in Hamilton East and had visited 100 houses already, where there was a high level of membership and electoral registration, to put the Party view on the dissidents episode.

"For the first time, they get the Party's explanation," he said. "The media have been running the dissident point of view."

Independent MP's Concerns

Hamilton THE ROYAL GAZETTE in English 22 Feb 85 p 7

[Excerpt]

[Text]

Bermuda could be devastated by a nuclear accident if the US is allowed to maintain an atomic arsenal on the Island, independent MP Mr. Austin Thomas said last night.

The Parliamentarian made his comments at a packed City Hall meeting of the PLP Supporters for Change.

"The recent questions which have been raised regarding the deployment of nuclear weapons in Bermuda are important ones," said Mr. Thomas. "The threat of nuclear accident in our area is very real. Don't forget Bhopal, India, where innocent people were wiped out in a moment through no fault of theirs."

"It was an industrial accident. But nuclear accidents can happen too."

Mr. Thomas said Bermudians had a right to know how US nuclear strategic plans would affect the Island in event of an international crisis.

"We know that because of our colonial status neither the United States nor the British government are obliged to discuss the matter with Bermudians or the Premier."

"Bermudians have a right to be concerned and should make their voices heard loud and clear. Seeing that we are kept in the dark because of our status and size, we must make it clear that we are people too and that we only pass this way once."

The Parliamentarian said the United States was obligated to keep its allies informed of plans involving nuclear weapons.

"We appreciate and support the friendly relationship we have cultivated with the United States over the years, but certainly we are worth more than friendship," he said.

"We are part of the world family. Bermuda is home for Bermudians as America is home for Americans and we should jealously guard our

rights as human beings and determine our destiny.

"We have a right to know."

CSO: 3298/530

BERMUDA

BRIERS

FIREARMS DRIVE--The Hon. Sir John Sharpe, Minister of Home Affairs, yesterday joined the Police in urging the public to turn in firearms during the month-long gun amnesty. "I urge...any persons in the community in possession of illegal firearms, whether innocently or otherwise, to hand in those firearms, either themselves or through a third party, to any Police station," said Sir John in the House of Assembly. "Where this is done during the month of March, no prosecution will take place. "However, anyone found in possession of an illegal firearm after that date will be subject to prosecution and, if convicted, to a penalty much more severe than those which presently exist. "I urge upon the community that anyone in possession of an illegal firearm hand them in during March, because failure to do so will have the most severe consequences later." Government last week introduced the Firearms Amendment Act 1985 bill which seeks to alter the structure of the Firearms Act 1973 by increasing the punishments for firearm offences. [Text] [Hamilton THE ROYAL GAZETTE in English 2 Mar 85 p 1]

SENATE APPOINTMENT--Mr. Dennis Tucker, financial comptroller at the Sonesta Beach Hotel, will be sworn in as a United Bermuda Party Senator this morning when the Senate convenes to debate a Progressive Labour Party motion calling for Government to ban South African firms from Bermuda. Mr. Tucker's appointment will ensure Government has its complement of five Senators to turn back the PLP's motion. There are three PLP Senators and three Independents in the 11-seat Chamber. Mr. Charles Collis, Government Senate Leader, said: "We needed our full complement for this vote." Mr. Tucker, 39, replaces Senator Paul Leseur, Parliamentary Secretary for Tourism, Education and Home Affairs who resigned last week to pursue private business matters. Mr. Tucker, who said he has been involved in the hotel business for 25 years, will likely become the Parliamentary Secretary for Tourism, a position he yesterday expressed interest in. However, it is understood he will not assume Mr. Leseur's other responsibilities for Home Affairs and Education. Mr. Swan said Mr. Tucker will become a Parliamentary Secretary in about two weeks when he announces a realignment of Parliamentary secretaryships. [Excerpts] [Hamilton THE ROYAL GAZETTE in English 6 Feb 85 pp 1, 3]

CSO: 3298/530

BRAZIL

AMBITIOUS INDIGENOUS SPACE PROGRAM HINGES ON FINANCING

Duesseldorf HANDELSBLATT in German 11 Feb 85 p 10

[Article: "The Military Are the Ones Most Interested in Space"]

[Text] While the launchings of the "Ariane" space rocket have become routine for Europeans, Brazil stepped into the space age last weekend with the latest launching of an "Ariane".

The newest "Ariane" launch, marketed by the multinational European firm "Arianespace", took place as usual at the Kourou space station in Guyana, situated in northeastern South America. An Arabic telecommunications satellite was on board as well as Brasilsat-I, a Canadian-built high-performance telecommunications satellite for Brasil's internal electronic communications. Brasilsat-II will follow with the next "Ariane" shot in the summer.

However, Brasil does not always want to depend on West European and North American space shuttles. Brasil is working on its own "Barreira do Inferno" launch site far to the east from French Kourou, close to Natal, in an ideal equator location - one which minimizes thrust requirements.

Another developmental stage was completed there at the end of last year with the successful experimental launch of "Sonda-IV". Of course it will take some time until Brasil will be able to catch up from its backward position. "Sonda-IV", which is good up to an altitude of almost 700 km., is the equivalent of a 1950's U.S. rocket.

To be sure, Brasil completed the "Sonda-III" military rocket program, which can carry rockets [as printed] reliably for 300 km (and which are therefore being bought by Iraq). This, however, is not enough for a space program. "Sonda-IV" is a good step in the right direction, since 90 percent of the rocket system itself originates from Brazilian industry. However, quite a bit is needed for an indigenous carrier rocket. Also, at the moment, it is not firm to what extent the civilian government in Brasilia, new as of 15 March, will undertake financing for an indigenous rocket test program.

In any case, a certain division of labor corresponds to conventional practice: "Landsat" and "Geos", Brasilia's previous satellite experience for meteorology and earth survey, were built and launched by the U.S.A. At any rate, Brasilia can now pick between the West Europeans and the North Americans when it comes to space transportation jobs. "Ariane" is well placed in the competition.

Brasil will certainly also follow this division of labor. Thus, the U.S.A. is planning to take a Brazilian from the Institute of Space Studies (INPE) Team along on a space shuttle flight in 1987. However, the Brazilian military are itching to perfect indigenous carrier systems in "Barreira do Inferno" not far from Natal. How far they can get by the end of this century will also be above all a question of financing capabilities.

12521

CSO: 3620/296

BRAZIL

TRADE SURPLUS IN FEBRUARY

Rio de Janeiro O GLOBO in Portuguese 8 Mar 85 p 25

[Text] Sao Paulo--The trade balance in February registered a surplus of \$541 million, a figure which Carlos Viacava, director of the Foreign Trade Department of the Bank of Brazil (CACEX) described yesterday as "fair," since it is less than the \$846 million surplus registered in February 1984 and the \$570 million registered in January 1985. Despite the poor performance, Viacava said the trade surplus of \$12 million forecast for 1985 was not compromised, and even stressed that a maxidevaluation of the cruzeiro would not be necessary.

The February balance resulted from total exports of \$1.5 billion and imports of \$991 million. According to Viacava, total exports in February were far below the \$1.8 billion achieved in the same month last year (down 16.56 percent), basically because there were fewer working days this February because of carnival week. He noted that, in 1984, carnival week fell in March. In addition, he noted that January and February are traditionally atypical for Brazil's foreign trade, which only picks up when the new harvest goes to market, starting in March. In fact, total exports for January and February fell 9.01 percent in relation to the same period last year, from \$3.5 million to \$3.2 million. The 2-month surplus came to \$1.1 billion, as against \$1.4 billion in the first 2 months of 1984.

According to Viacava, orange juice--which pushed exports up in the first 2 months of 1984--did not perform as well in 1985. He observed that last year the frost in Florida had increased the demand for orange juice, a phenomenon which did not occur this year.

"The result is only fair, but nothing to get alarmed about. January and February do not form a basis for any estimate, and the forecast is that we will achieve a \$12 billion surplus by the end of this year," Viacava said.

Although there are few data available for March, Viacava reported that CACEX already calculates that average exports for the first week were higher than the same period last year. The figure is encouraging, since March exports surpassed \$2 billion in 1984.

Imports totaled \$991 million in February, practically the same figure as in February 1984 (\$990 million).

BRAZIL

BRIEFS

53.5 MILLION-TON HARVEST SEEN--Brasilia--The agricultural crop which the Tancredo Neves government will harvest this year will surpass the 50 million tons harvested in prior years, coming to 53.5 million tons. The official confirmation of the crop volume came yesterday from the CFP (Production Financing Commission), based on a survey conducted at the beginning of the grain harvest. This revision of the initial estimate of 49 million tons is mainly the result of higher farm production in the Northeast and bean production in the Central-South. The CFP expects a bean harvest of 2.8 million tons, an 8-percent increase over the 2.6 million tons harvested last year. Rice and corn production will show a decline, however, of 2 and 3 percent, respectively. The rice harvest will come to 8.8 million tons, as against 8.9 million tons in 1984. The expected corn crop is 20.5 million tons, compared with 21.1 million tons in 1984. The soybean crop is estimated at 16.5 million tons, an 8-percent growth over the 15.3 million tons harvested last year. The CFP also expects a 33-percent increase in cotton production this year, at 1.7 million tons, and a 25-percent increase in the peanut crop, at about 274,500 tons. The CFP data indicate that this year's wheat crop should be equal to that of 1984, at 1.8 million tons. [Text] [Rio de Janeiro O GLOBO in Portuguese 13 Mar 85 p 19] 6362

CSO: 3342/129

CHILE

CENTRAL BANK MODIFIES AGRICULTURAL CREDIT REQUIREMENTS

Santiago LA NACION in Spanish 29 Mar 85 p 10

[Text] The Executive Committee of the Central Bank agreed to amend the regulation for the second IBRD credit program for the agricultural-livestock sector and the agroindustrial sector. Its basic objectives are to increase the production and productivity of the Chilean agricultural-livestock sector, improve supply for the domestic market and increase exports.

In a circular to the banks, the Central Bank stipulated the amendments to the regulation for those credits allocated for operating capital to finance, among other aspects, livestock fattening, the purchase of fertilizers, pesticides, herbicides, seeds and manpower and the rental of machinery for annual crops and fruits.

Each one of the projects for medium and long-term investment for which financing is requested must include a study containing at least an inventory of existing resources, proposed investment plan, analysis of technical economic, financial and administrative viability of the project and compatibility with good practices for the rational use of natural resources, especially soil and water.

Each project must have a development plan that includes the sectors to be financed. The profitability analysis must be made based on the statistical information and income and expenditure projections that the potential borrowers must present for these projects, properly endorsed by an agricultural professional.

According to Central Bank, the maximum credit that can be granted in current currency under the program to one beneficiary is the equivalent of \$250,000 in the case of medium and long-term agricultural-livestock credits and \$400,000 for agroindustrial credits.

Credits for operating capital will not exceed the equivalent of \$100,000 for beneficiaries with more than 12 hectares of basic irrigation and \$25,000 for beneficiaries with less than 12 hectares.

These amounts will be adjusted by the Central Bank from time to time based on the variation of the IPC [Consumer Price Index] after consultation with the World Bank.

The intermediary institutions can collect a one-time service commission of up to 3 percent on the total amount of credit for medium and long-term projects.

As to financing by the intermediary institutions with their own funds, the Central Bank will refinance 100 percent of the credits granted to the beneficiaries by these entities. If the Central Bank feels that a project financed by the intermediary institutions that is more than 50 percent of the maximums indicated does not meet the conditions stipulated in the regulation, it can request technical assistance from ODEPA [Agricultural Planning Office] for an evaluation before refinancing.

The basic objectives of this program financed by the World Bank are to increase the production and productivity of the Chilean agricultural-livestock sector, improve supply of the domestic market and increase exports while creating employment opportunities in the rural zones and raising the standard of living of the beneficiaries.

7717

CSO: 3348/558

CHILE

FRUIT EXPORTS INCREASED AT EXPENSE OF TRADITIONAL CROPS

Santiago EL MERCURIO in Spanish 28 Mar 85 p A-3

[Text] In compliance with a program to improve agricultural statistics, the INE [National Institute of Statistics] designed a "master survey" and a survey of traditional crops between Valparaiso and Los Lagos and put them into use at the end of 1983. This latter sector represents almost 95 percent of all Chilean agricultural production. This work will be expanded this year to Regions III and IV and to Chiloe Province.

The survey results provide important background on the evolution of the main crops in our country by comparing them with the Fifth National Agricultural-Livestock Census carried out in 1975 and 1976. It can be noted that the areas planted with maravilla, corn, rice, oats, lentils and garbanzos show a frankly positive evolution ranging from increases of 9.8 percent for the first to 84.7 percent for the last.

Nine annual crops in the cereal, farm and industrial sectors analyzed show noticeable declines in area planted. This is the case of wheat, barley, rye, green peas, potatoes, peas, onions, beets and tobacco.

According to the INE, the increase in fields of rice and corn will permit estimated production of both grains to be close to self-supply. This is also possible for wheat despite the fact that the area planted has gone down 11.3 percent compared to the Fifth Agricultural-Livestock Census. The production plans of 10.5 million metric quintals--compared to 7 million in the last census--can be justified by an increase in the yield per hectare planted. This is a result of technological improvements in seeds, fertilizer and pesticides.

Although the area planted with beets has been reduced by 23.7 percent compared to the last census, there are strong increases in yield. Our country is very close to a self-supply of sugar.

The INE shows that many of the drops in area planted with traditional crops are explained by their replacement by other products, especially fruit. This is logical since the production is allocated for the foreign market which assures a high return.

As has been indicated many times in these columns, national agricultural development is, by necessity, turning to widespread application of the most modern technologies. This permits rational use of the land and an increase in the crops and, at the same time, insures the domestic market and access to foreign consumers.

7717

CSO: 3348/560

CHILE

GROWERS SAY CEREAL CROP COSTS HIGHER THAN PRICE SET

Santiago EL MERCURIO in Spanish 28 Mar 85 p B-1

[Excerpt] The SNA [National Agricultural Association] expressed its disagreement yesterday with the prices that the purchasing authorities of COPAGRO [National Confederation of Agriculture Cooperatives] will pay for corn and rice. It indicated that the situation "causes appreciable harm to the sector and is inconsistent with the decision to tie domestic prices to international prices." It added that it will request reconsideration of these amounts.

As was reported, COPAGRO opened purchasing offices for corn and rice, fixing a purchase price of 2,000 pesos per metric quintal in Santiago for the first. The purchase price for rice was set at 2,050 pesos delivered.

The SNA stated that "the price offered to corn producers of 2,000 pesos per metric quintal is 25 or 30 percent less than the import cost of that product."

"Consequently, the corn producers will not receive approximately \$30 million."

The organization maintained that "the price offered for rice has the same result. Effectively, the price of 2,050 pesos per quintal is 32 percent lower than the equivalent cost to import rice. This will mean \$10 million less for the producers."

The SNA added: "All the above must be added to the \$40 million that the wheat producers will not receive this season as a result of the lower price they have received compared to the import cost of this cereal."

The SNA feels that "this situation causes appreciable harm to the sector and is inconsistent with the decision to tie domestic prices to international prices. At a time when the country needs high levels of production in sectors that replace imports, the discouragement that this decision can spread among the producers is serious."

7717
CSO: 3348/560

BRIEFS

'PECKET' COAL DEPOSIT--CODELCO [Copper Corporation] allocated the supply of approximately 65 percent of the total tonnage that its three thermoelectric units at Tocopilla, the base of the future interconnected electrical system of Norte Grande, require to COCAR [Coal Company]. This decision to award two-thirds of the coal supply that Units 12, 13 and 14 of the Tocopilla powerplant will require will permit COCAR to carry out an investment of about \$70 million in the Magallanes deposit "Pecket." COCAR is a mixed enterprise formed by equal shares from COPEC [Chilean Oil Company] and the British company Northern Strip Mining. They based the development of "Pecket" on the possibility of being awarded all or part of the coal supply contract for the Tocopilla powerplant. CODELCO officially communicated its decision to COCAR at the end of last week. It is expected that "Pecket" will be in full operation by 1987. Most of the investment of \$70 million is allocated for the construction of a shipping port. [Text] [Santiago TERCERA DE LA HORA in Spanish 28 Mar 85 p 11] 7717

ARMY COMMANDERS MEET--A meeting of the generals corps of the Army and all Army unit commanders begins today in Santiago. The meeting will last until this Friday. The closing will be presided over by the president of the republic, Gen Augusto Pinochet Ugarte. The work meetings will begin at 800 hours today and will be led by the deputy commander-in-chief of the Army, Lt Gen Julio Canezza Robert. These meetings will be held in the War Academy in La Reina. An official note from that branch of the FFAA [Armed Forces] stated: "This exclusively military meeting has been ordered by the commander-in-chief of the Army. It is part of the planned institutional activities to coordinate the development of instructional and training materials to consolidate the advancement and training of all personnel." [Text] [Santiago EL MERCURIO in Spanish 20 Mar 85 p C-5] 7717

COAL USE CUTS COSTS--The signing of a supply contract between CODELCO [Copper Corporation] and three coal-supplying enterprises will mean a substantial savings in foreign currency used for oil imports as well as strong incentive for the national coal industry. One good example is the opening of the "Pecket" deposit in Region XII. This agreement will initially be in effect for 8 years, between 1987 and 1994, but it can be extended to 10 years. This is now being negotiated. The above means that, beginning in 1987, the Tocopilla thermoelectric plant that supplies energy to the Chuquicamata Division will only use coal as fuel. Oil will be used exclusively on those occasions when the current

oil-burning units are put into operation for maintenance. This means that, beginning on that date, this division will save approximately \$40 million per year due to the lower cost of coal compared to oil. It will not have to invest some \$100 million per year now allocated for the purchase of oil, mostly from abroad. [Excerpt] [Santiago EL MERCURIO in Spanish 29 Mar 85 p A-1] 7717

INDUSTRIAL, FARM RECONSTRUCTION CREDITS--The minister and vice president of CORFO [Production Development Corporation], Brig Gen Fernando Hormazabal, announced new credit support for small and medium industrialists and farmers in the national disaster zones. The line of credit for reconstruction has been expanded, permitting it to be allocated to finance work capital. Minister Hormazabal said: "With this expansion, the medium and small industrialists and farmers can receive financing promptly to start up their activities again. They can buy raw materials, continue processing their products and pay wages to their workers, normalizing their activities." The maximum that will be granted will be equivalent to 2,000 UF [expansion unknown] with current real interest of 6 percent on the unpaid balance and a term of 7 years. According to Hormazabal, producers who want to use this line of credit from CORFO could amortize those loans in equal quarterly or semiannual payments with the first payment within 24 months. The top executive said: "At CORFO our work objective is to support the medium and small businessman so that he can normalize his productive activities as quickly as possible. For guarantee, we will apply a flexible policy based on the characteristics current at the time." Hormazabal concluded: "For the CORFO borrowers who need new credit, their current guarantees at CORFO will be considered as much as possible. [Text] [Santiago EL MERCURIO in Spanish 22 Mar 85 p C-2] 7717

STATE OF EMERGENCY CHIEFS--The decree that became official yesterday appoints the following Armed Forces officers as chiefs of emergency zones in the regions indicated: Region I, Brig Gen Jorge Dowling Santa Maria; Region II, Brig Gen Alfredo Calderon Campusano; Region III, Lt Col Gabriel Alliende Figueroa; Region IV, Col Hernan Ramirez Rurange; Region V (except the provinces of Valparaiso, San Antonio and Isla de Pascua), Col Rafael Villaroel Carmona; Provinces of Valparaiso and Isla de Pascua, Vice Adm Hernan Rivera Calderon; Metropolitan Region and San Antonio Province, Maj Gen Rene Vidal Basauri; Region VI, Col Eduardo Silva Bravo; Region VII, Col Patricio Varela Saldias; Region VIII (except Talcahuano, Penco and Tome), Brig Gen Eduardo Ibanez Tilleria; Talcahuano, Penco and Tome, Rear Adm Fernando Navajas Irigoyen; Region IX, Col Miguel Espinoza Guzman; Region X (except the provinces of Llanquihue and Chiloe), Brig Gen Eduardo Castellon Keitel; Provinces of Llanquihue and Chiloe, Air Brig Gen Jaime Lavin Farina; Region XI, Brig Gen Jaime Gonzalez Vergara; and Region XII, Maj Gen Luis Danus Covian. [Excerpt] [Santiago EL MERCURIO in Spanish 19 Mar 85 p C-3] 7717

CSO: 3348/558

COLOMBIA

LEGAL 'LAUNDERING' RAISES BLACK MARKET DOLLAR VALUE

Bogota EL TIEMPO in Spanish 1 Apr 85 p 1-C

[Article by Jose Fernando Lopez]

[Text] While an unprecedented offensive is being carried out in the United States against "dollar-laundering," catching in its web prestigious financial institutions such as the Chemical Bank and the Morgan Guaranty Trust, in Colombia the business seems to be booming, in plain public view and with the implied consent of the authorities.

Because of the country's exchange control system, every time a Colombian acquires a "black dollar," whether to travel abroad, to protect himself from devaluation or for purely speculative purposes, he is "laundering" money.

The black market in foreign currency (which is undoubtedly the place where most greenbacks are laundered) is now booming more than ever. There is no other explanation for the tiny difference that has been seen in recent months between the official exchange rate and the price of the so-called "black dollar," at a time when the country's exchange difficulties and the harsh government restrictions on the sale of foreign exchange should be driving the parallel market rate astronomically high.

The supply of "black dollars" has been so abundant (and therefore the "spread" between the official and parallel prices so small) that money launderers have once again been able to make profits at the "under the table window" of the Bank of the Republic.

This enables them to exchange large quantities of dollars at the central bank (without having to explain their origin) for exchange certificates, which are negotiated immediately on the securities market at a rate 4 to 5 pesos above their face value.

In the last week of February, without any "invasion of foreign visitors," the Bank of the Republic took in more than \$9 million under the "tourism" category, when the usual average of income on that account is just over \$1 million a week.

These are not the only methods for laundering money in Colombia, however (and in Colombia, unlike the United States, dollars have to be converted into

pesos). In this country "there is almost no end to the number of sophisticated and complex laundering schemes that are carried out; they are limited only by the creative imagination and expertise of the criminal entrepreneurs who have come up with such schemes," says the report submitted a few days ago by the President's Commission on Organized Crime in the United States.

Another method used is to doctor foreign trade records. By submitting inflated invoices for exports or deflated invoices for imports, black market foreign currency can be legalized.

These systems were used heavily during the "bonanza" era (at the end of the last decade and the beginning of the present one), particularly inflated export invoices. The latter yielded a double benefit: the additional subsidy (CAT) that the exporter received for the inflated portion of the invoice, and the difference (which at that time was considerable) between the black dollar and the official dollar (the former being less than the latter).

The exporter sold merchandise valued at \$1,000 abroad, for example, but he submitted an invoice for \$2,000. He received \$1,000 from the customer and the other \$1,000 he bought on the black market, or brought it in from abroad (in other words, he laundered it) and turned over \$2,000 to the Bank of the Republic. During the transaction, he earned the CAT corresponding to \$2,000 (not the \$1,000 that he had actually exported), and kept the difference between the cost of the black dollars and what he turned over to the Bank of the Republic.

Today the circumstances have changed (the black market rate is higher than the official one), but the incentive of the Tax Reimbursement Certificate (CERT) --considerably higher now--still encourages inflated invoicing of exports. This practice seems to have declined, however.

What does seem to be occurring equally often or even more frequently these days is the deflated invoicing of imports. At the end of the 1970s this was a good business, because part of the foreign exchange to be disbursed to pay for imports was bought more cheaply on the black market.

Today, the main stimulus is the restriction of imports. Given existing limits on import licenses, deflated invoicing makes it possible to bring into the country goods worth more than allowed, without having to pay so much, given the ample supply of dollars on the black market.

High official sources have expressed concern about possible uses being made of this mechanism, and have said that they are investigating the matter, even though it is difficult to keep track of such transactions.

To some extent, the plan to repatriate capital through non-reimbursable imports is simply a legalization of this type of operation.

Allowing the importer to obtain his dollars outside the official market opens the door to "laundering dollars" without fear of possible investigations.

Without getting into the argument of whether it is good or bad for the country (or for its morals), the fact is that this measure would run counter to the aim of dismantling what the aforementioned U.S. government commission called the Cash Connection.

8926

CS0: 3348/568

COLOMBIA

AGRICULTURAL GROUP LAMENTS TAXES, LACK OF STABILITY

Bogota EL TIEMPO in Spanish 26 Mar 85 p 12-D

[Article by Hector Hernando Trujillo: "Agriculture Paralyzed by Guerrillas, Taxes"]

[Text] The country is about to suffer stagnation with inflation if the government fails to obtain foreign credits. Meanwhile, public order worsens each day due to coercion of the unions by armed groups trying to disrupt the stability of the enterprises, warned the SAC [Association of Colombian Farmers].

The group issued a document in which it analyzed the national economy. At the same time, it sent a letter to the minister of government, Jaime Castro, revealing the anguish of the farmers "due to the public order situation in Uraba, despite the peace agreements signed with the guerrilla groups in the area."

In its letter to the minister, the SAC stated: "The murder of administrators of enterprises that generate employment and well-being in that region has been added to the threats and coercion by armed movements trying to disrupt the free unionism of the workers." It warned that violence by the guerrillas who signed the peace agreements has escalated again. This has made Uraba a no-man's-land. The SAC demands immediate action by the authorities to make an "example by punishing the criminals and repressing those who, protected by the peace agreements, want to disrupt the production system that has been established in the Uraba region through so much effort."

Agriculture Continues Stagnant

In its document on the fiscal crisis, inflation and the accelerated depletion of international reserves, the SAC stated that the overflow of public expenditures "exhausted permissible margins of monetary emission, overwhelmed the tax capacity of the Colombians, limited access by the private sector to savings and is probably one of the causes for the depletion of the international reserves."

It stated that agriculture did not grow in 1984. It did not pass 0 percent despite the fact that the official figure is .7 percent. It did not reach the 1.5 percent that SAC itself had estimated at the beginning of 1984. It admitted that the national economy grew 90 percent in 1984. About 60 percent is

attributable to the reorientation of demand as a result of the restriction on imports and a moderate increase of about 5.5 percent in exports. However, it noted that the limitation on imports of raw materials and capital assets will become an obstacle for private enterprise. The future of exports is uncertain since the enterprises consider the protection that the government gives them more profitable and will only produce to supply the domestic market.

In 1984 the industry did not generate employment and even jobs decreased by 1.2 percent in that sector. In agriculture, food prices rose 19 percent, production costs rose 22 percent, the price of fertilizer rose 30 percent, machinery went up between 30 and 37 percent, fuel 40 percent and concentrated animal feed increased 16 to 23 percent. This situation along with the increase in minimum wages, the devaluation and Law No. 50 which raised tariffs 8 percent, the stamp tax 50 percent and imposed a 10-percent VAT increased the tax burden for the agricultural sector by an average of 45.6 percent. However, the state will only collect some 2 billion pesos for these.

This situation has made basic foods like vegetables, potatoes, fruits, yucca and banana more expensive for Colombians. The Agrarian Bank and the Agricultural-Livestock Financial Fund practically exhausted their credit resources and the adaptation of land and research are at a standstill due to a substantial reduction in the budgets of the official agricultural entities.

Despite this gloomy analysis, the SAC shows confidence that this year coffee, sugar, rice, cotton, cacao and oleaginous crops will recover so the sector might grow about 4 percent. However, it predicted a paralysis in basic foods like beans, yucca, potato, vegetables and fruits in the first half of the year.

7717

CSO: 3348/570

COLOMBIA

BRIEFS

FEMALE NAVAL OFFICER REQUIREMENTS--In order to offer new professional opportunities for Colombian women, the National Navy plans to hold a second course for female officers at the Almirante Padilla Naval School in Cartagena beginning in June. Registration will be open during regular office hours from 8 April until 26 April at the following places: Bogota, CAN, Ministry of Defense, National Navy, Office 105; and Cartagena, Naval School, Manzanillo sector. Professionals in medicine, public accounting, mass communications, law, systems engineering, electrical engineering, electronics engineering, nursing and geology can register in the Administrative Corps of the Colombian Navy. They must meet the following requirements: Colombian nationality; university degree; single; maximum age of 28; and minimum height of 1.6 meters without heels. They must also pass psychophysical and psychotechnical examinations. Registration costs 2,500 pesos. At the time of registration, the following documents must be presented: notarized photocopy of professional diploma or certificate duly processed by the Ministry of Education or Ministry of Public Health; notarized transcript of university grades; and notarized photocopy of citizenship document. [Text] [Bogota EL TIEMPO in Spanish 1 Apr 85 p 12-A] 7717

TRANSMISSION LINE FOREIGN CREDITS--The government authorized the enterprise Interconexion Electrica, ISA, to obtain two loans totaling \$3,671,774.99 to finance the construction of the La Esmeralda-Yumbo transmission line. This decision was made by Resolution No. 48 of 22 March 1985. It authorizes ISA to obtain a foreign loan from The Bank of America National Trust and Saving Association for \$400,000 with a term for complete amortization of 7.5 years from the date the contract is signed and a grace period of 2.5 years. It includes interest of .75 percent per year over the London Interbank rate for 6-month deposits in dollars, a signing commission of .5 percent per year on the balance to be used and a one-time administration commission of .75 percent on the amount of the loan. This same resolution also authorizes the ISA to obtain a loan from Banco Internacional S.A. of Brazil for \$3,271,774.99 with a term for complete amortization of 7.5 years from the date the contract is signed and a grace period of 2.5 years at an interest rate of 9 percent per year on the balance due. These loans will be used to pay Sade Sul Americana de Engenharia S.A. of Brazil 100 percent of the cost of the design, manufacture, tests, freight charges and supply of the materials and elements needed for the La Esmeralda-Yumbo 230-kilowatt transmission line which is part of the second stage of the San Carlos hydroelectric project. [Text] [Bogota EL TIEMPO in Spanish 31 Mar 85 p 9-A] 7717

CSO: 3348/570

GRENADA

BLAIZE, MINISTERS REPORT ON FIRST 100 DAYS OF NEW GOVERNMENT

St Georges THE GRENADIAN VOICE in English 30 Mar 85 pp 1, 16

[Text] Prime Minister Herbert Blaize, supported by four of his other Ministers, gave a Press Conference yesterday at his Botanical Gardens office to report on the first 100 days of the NNP Government.

In his opening statement the Prime Minister noted that his government was moving speedily to fulfill the party's campaign promises. Much had been done to prepare for the reintroduction of Local Government; a Constitution Review Commission had been appointed and an Industrial Development Corporation (IDC) had been set-up to help speed up the provision of jobs to ease the unemployment situation in the island.

He reported that the IDC had recently approved 7 projects, five of which will employ 182 persons, and there were other projects nearing the stage of find approval. He said that people who had operated here before and moved away are beginning to return and Key Universal, which formerly employed a large number of persons should resume operations within two weeks.

Mr. Blaize made a special appeal to the media to urge people to participate in the work of the constitution review commission as this is very important and he did not want people to say later on that they did not have an opportunity.

Minister of Communications and Works Keith Mitchell reported on the progress with the road repair programme noting that more than 1200 persons were employed in the operation. Among other matters dealt with by the Minister were the creation of a Community Aid Programme to assist persons who were offering to give voluntary labour in community projects such as road repair; the Airport and the Public Transport Service. He said that they were trying to put back on the road 20 buses which were down for repairs and that Japan had promised to send 10 to 15 more buses as a grant.

Mr. George Brizan, Minister of Agriculture, Lands, Fisheries and Tourism reporting on his areas of operation announced that word had been received this week that the Board of the World Bank had approved the US\$5 million concessionary loan which is for fifty years with a moratorium of ten years and bearing interest of .75 percent.

After dealing fully with the area of agriculture Mr. Brizan spoke of Tourism and Fisheries. He mentioned several hotel expansion or building projects including a 50 room hotel for Carriacou on which work has started and plans to lease the Grenada Beach Hotel to one of eleven companies which are under consideration. He hoped the hotel will be open for business between December and January.

Health Minister Danny Williams spoke of the improvement of health service facilities which included the purchase of two new ambulances--one of which went to Carriacou--and the provision of X-ray equipment at the Princess Alice Hospital in Mirabeau and the Princess Royal Hospital in Carriacou. Mr. Williams also spoke of low cost housing in which 54 recently completed units are now ready for occupation and a housing repair assistance programme which will commence in approximately one month.

Mr. Ben Jones, Minister of Foreign and Legal Affairs, pointed out that his ministries are mainly supportive of the other Ministries but he emphasised that the Foreign Affairs policy of the government is to establish and maintain friendly relations with all countries which are interested in peace and respect for human rights. A study was being made of certain countries with which diplomatic relations had been established in recent years. It is possible that some of these will be discontinued as had been the case with North Korea.

No explanation was given for the absence of Labour Minister Francis Alexis (who was known to be out of the island earlier in the week) or Education Minister George McGuire. It was suspected that Mr McGuire was busy in consultations concerning the events at Queen's Park on Thursday when students of SAASS brought the Inter-Col games to a premature end by a display of poor sportsmanship and worse discipline by preventing use of the track after a decision went against them and then proceeding to hurl missiles and obscenities at games officials.

Further reports on the press conference will be made in the next issue of this paper.

CSO: 3298/546

GRENADA

PAPER TAKES ISSUE WITH PAUCITY OF GOVERNMENT INFORMATION

St Georges THE GRENADIAN VOICE in English 30 Mar 85 p 1

["Front Page Editorial: Better PR Needed"]

[Text] Wednesday was an historical, red-letter day in the life of the GRENADIAN VOICE which needs recording. We - received a press release from the Government Information Service--the first in several months--one of perhaps no more than a dozen or so in the life of the department, and to boot, it was hand delivered to our office.

Of course, this was the day after the Editor had himself gone to the department, asked for any releases available--but especially one dealing with the talks between Prime Ministers Blaize and Chambers on the visa problem--and after being told that there was none - as usual - he said "good material for an editorial" to the four young ladies clustered together, in the early afternoon, busily engaged - as usual - in the absorbing, energy sapping task of doing nothing.

We consider that we have been overly indulgent, and restrained ourselves sufficiently, with this department which appears to exist primarily for the purposes of publishing NEWSLINE and conducting a radio programme consisting largely of notices while unashamedly taking news from Radio Grenada which has a news department staff of only two and is much less endowed with equipment.

Having said that, let us say--and not by way of an excuse for the "Information service without information" - that it has always been clear that neither the Interim nor the elected government has ever shown much concern for public relations in general and dissemination of news in particular - except, on most occasions, in the form of a statement in response to criticism.

The Prime Minister's department is particularly good at "hiding its light under a bushel." Take the visa affair as an example. It could hardly have escaped the attention of the Prime Minister that this paper, and the Grenadian populace, are vitally interested in the matter. He should be anxious to reveal the outcome of his talks with Prime Minister George Chambers. Yet when questioned about it during the return journey from the Adams funeral all Mr. Blaize would do for the GRENADIAN VOICE is purse his lips and shake his head. He then makes a statement a week later - apparently to Radio Grenada only.

A case which points up to the "unwisdom" of the close-mouth policy is the killing of the third person in one year by the police. Because a prompt and clear statement on the matter, indicating that an enquiry will be held, political capital was made of it by the perennial opportunists and there was a demonstration by Rastafarians.

We have high regard for Mr. Blaize - his honesty, his integrity, his will and ability to do well for the country. But we believe that more important than his dress and his suitcase is his public relations.

No government, in the history of Grenada, ever achieved more real progress for the country than Mr. Blaize's administration of 1962-67. But while he was presiding over that success he was also presiding over the defeat of his party at the following elections, when, like Churchill after the war, he was given "the order of the boot." Lack of proper public relations was a principal factor.

It is time for the government to recognise the value of, and the need for, a better public relations policy and a more functional information service. Even a weekly, or, at worst, monthly conference is desirable and the P.M. must be more responsive to enquiries from the press lest he makes of it more a foe than an ally.

Finally we must let the Prime Minister know that supporter and detractor alike are disappointed that, able as he is in that area, not once since his election has he made a public speech worthy of note. If his reluctance to use a written text is one of the reasons he must know that he would be in very good company and he will also show that he cared enough to prepare for his audience. In any case the people want more Prime Ministerial pronouncements from him.

CSO: 3298/546

GRENADA

\$5-MILLION WORLD BANK LOAN TO ASSIST AGRICULTURE

FL021807 Bridgetown CANA in English 1413 GMT 30 Mar 85

[Text] St Georges, March 30--The World Bank has approved a five million dollar (U.S.) low-interest loan to help strengthen the Grenada agricultural sector, the government has announced here.

Minister of Agriculture George Brizan said the money would be used to rehabilitate and expand production of exotic tropical fruits and crops, including bananas, sugar cane, coconuts, coffee, vegetables and ornamental plants.

The programme calls for establishment of a feeder and farm road maintenance unit, a plant propagation and pest management unit, and the purchasing of audio-visual equipment to help persons involved in extension work in the agriculture sector.

The loan is for 50 years with a moratorium of 10 years and a rate of interest of .75 percent, Brizan said.

The project is expected to get off the ground mid-year and will be complemented by a further 1.9 million dollar (U.S.) credit component being provided by the Barbados-based Caribbean Development Bank (CDB).

Brizan said Grenada was looking to Israel for additional help in the development of exotic fruits.

He said the island's chief technical officer (CTO) in Agriculture, Denis Noel, is now on a three-week training assignment and observation tour of Israel, one of the few countries in the Mediterranean with considerable success in the development of a worldwide trade in exotic fruits. We have considerable lesson to learn from their own experience under agricultural conditions which can be considered less than ideal, and the CTO would benefit from that and Grenada also, Brizan added.

Agriculture is one of Grenada's key foreign exchange earners.

CSO: 3298/546

GRENADA

BRIEFS

JAPANESE TRANSPORT AID--The Japanese Government has indicated its willingness to provide Grenada's recently established public transportation system with as many as 15 buses. Communications and Works Minister Keith Mitchell says the buses will be provided as a grant to help the public transportation system. In another move to improve public transportation, the Grenadian Government has placed orders for thousands of dollars worth of spare parts needed to repair 20 state-owned buses which have been idle for months. State-owned buses charge lower fares than privately operated minibuses which now provide the major link between the capital, St Georges, and the outlying rural areas.
[Text] [Bonaire Trans World Radio in English 1130 GMT 2 Apr 85]

CSO: 3298/546

GUATEMALA

ECONOMY MINISTER EXPLAINS POLICIES FOR SUGAR PRODUCERS

Guatemala City PRENSA LIBRE in Spanish 28 Mar 85 p 2

[Text] The official referred to the petition that the National Sugar Producers' Association placed as a paid advertisement in the newspapers to demand treatment equal to that accorded the coffee growers. The latter are allocated 100 percent of the foreign exchange earnings for amounts of coffee sold abroad in excess of their quotas.

"When the Bank of Guatemala gave that preferential treatment to the coffee producers," the official continued, "I insisted that it was a mistake." Now all sectors, including sugar, are asking for the same treatment. They all appear to have reasons for requesting 100 percent of their foreign exchange earnings.

Serious Situation

Economy Minister Hernandez announced that he "would ask for a review of all documentation in which the aforementioned preference is given to coffee exporters," and indicated that if the government began giving such concessions to all who sell products abroad, it would cause serious problems for the Guatemalan economy.

He pointed out that such a procedure would create gaps that would have an impact on the parallel market. The Bank of Guatemala would have to monetize its system, in other words, issue new currency to make up for the exports payments.

"Naturally, that would drive up inflation, and it would be pointless to have a parallel market. For this reason, I personally feel that it is improper to grant preferential treatment to exporters."

Referring to the sugar producers' petition, Minister Hernandez stated that the serious problems that plague that sector are no justification for special treatment.

"The sugar producers," he went on, "should understand that they get the best price for their product within the country; while on the U.S. market they get

US \$18 per quintal and on the world market they get US \$4, sugar fetches 20.25 quetzals per quintal in Guatemala, which is an extraordinary price.

"That means that the Guatemalan consumer is subsidizing the sugar sold abroad.

"If the sugar they have warehoused were to be released, according to the law of supply and demand the prices would fall. For this reason, I don't think they have any grounds to ask for 100 percent of their foreign exchange."

Bank of Guatemala's Opinion

"There is no guarantee as to whether the sugar producers' petition will be approved, considering that their request is still being discussed by the government's economic officials," stated the president of the Bank of Guatemala, Dr Oscar Alvarez Marroquin, yesterday.

The official referred to the sugar producers' request for 100 percent of the foreign currency they earn on the sugar they sell abroad, above their quotas.

Dr Alvarez stated that this petition is currently being studied by the Bank of Guatemala, the Economy Ministry and the Agriculture Ministry.

"In this regard, there are no guarantees."

\$300 Million in Foreign Reserves

In another part of his statement, the president of the aforementioned banking institution told journalists that the country's foreign reserves now total some US \$300 million.

"That quantity, however, includes notes from the Nicaraguan Government and the Central Bank of El Salvador.

"The reserves fluctuate daily, so we know only what they amount to at the close of transactions."

8926

CSO: 3248/321

3 May 1985

GUATEMALA

ECONOMIC ACTIVITY OF COOPERATIVES IN 1984 SUMMARIZED

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 28 Mar 85 p 8

[Text] A total of 80.5 million quetzals was paid out by 864 agricultural, handicraft and service cooperatives to 185,706 members in 1984, which had an impact on the country's social and economic development.

The above figures were provided by the executive director of the National Institute of Cooperatives, Edgar Rolando Barrios, at a press conference held the 13th of this month at the institution's headquarters.

The 80.5 million quetzals for the economic activities of those organizations break down as follows:

--Production and agricultural marketing	Q45,232,111
--Savings and credit services	8,699,840
--Crafts and mining production	2,518,857
--Consumption	12,611,551
--Housing	5,202,468
--Transportation	5,906,112
--Others	300,000

According to the figures that were released, Region V of the National Institute of Cooperatives (INACOP), which covers the central plateau region, accounted for the largest share of income from transactions, with a total of 24.7 million quetzals (30.7 percent).

As for agricultural production and marketing, the following crops were the most salient: coffee, beans, corn, cardamom, sorghum, wheat, vegetables, and sugarcane. Shellfish and apicultural products (honey) were also among the products listed. Region VI topped the list in this category, with 17.2 million quetzals (38.1 percent).

Crafts production, which includes textiles, ceramics, leather goods, rope, glass, palm-leaf items, lead extraction, and others, was most noteworthy in Region I, with 893,268 quetzals; Region II, with 238,300 quetzals; and Region V, with 1.4 million quetzals, having been vigorously promoted by the National Institute of Cooperatives in 1984.

Operative Regions of INACOP

The National Institute of Cooperatives, as a state institution designed to promote cooperativism in the country, carries out its activities in the following seven operative regions:

Region I, headquartered in the city of Quetzaltenango, includes the departments of Huehuetenango, Solola, Totonicapan, San Marcos and El Quiche; the latter is only partially in this region. It serves 258 cooperatives, with a total membership of 53,021.

Region II, headquartered in the city of Coban, Alta Verapaz, includes the departments of Baja Verapaz, the southern part of Alta Verapaz, the municipality of El Estor, Izabal, and a section of the municipality of Uspantan, El Quiche. It serves 82 cooperatives, with 17,066 members.

Region III covers all of the department of El Peten, with 44 cooperatives and 2,212 members.

Region IV has its head office in the city of Mazatenango, Suchitepequez, and its activities are carried out in the departments of Retalhuleu, Escuintla, the coastal municipalities of San Marcos and Quetzaltenango, and the municipalities of Pochuta and Yepocapa, in Chimaltenango. It serves 90 cooperatives, with a membership of 28,615.

Region V is headquartered in Guatemala City. It covers the departments of El Progreso, Sacatepequez and Chimaltenango (except for the municipalities of Pochuta and Yepocapa). A total of 250 cooperatives with 61,770 members benefit from its services.

Region VI has its regional office in the city of Jutiapa, and extends coverage to the departments of Santa Rosa, Jalapa, Zacapa, Chiquimula and Izabal (the latter partially). It serves 88 cooperatives, with a total of 19,990 members.

Region VII, headquartered in the municipality of Fray Bartolome de las Casas in the department of Alta Verapaz, consists of the northern part of the municipalities of Chajul and Uspantan, in the department of El Quiche, and the municipalities of Chahal, Chisec and the northern part of San Pedro Carcha and Coban, in the jurisdiction of Alta Verapaz. It serves 52 cooperatives, with 3,024 members.

8926

CSO: 3248/321

HONDURAS

FUTH PRESENTS RECOMMENDATIONS FOR SOLVING POLITICAL CRISIS

PA141652 San Pedro Sula TIEMPO in Spanish 12 Apr 85 p 3

[Paid advertisement: "FUTH's Position on Institutional Crisis"]

[Text] In view of the Honduran Government's Institutional crisis demonstrated by the confrontation between the three branches of state, the United Federation of Honduran Workers [FUTH] can no longer remain indifferent and hereby states its position to the nation and the world.

In the course of history, the Honduran people have struggled systematically to democratize the nation and to secure full social justice because the people have suffered from antidemocratic and unjust regimes in all their manifestations. The liberal government headed by Dr Roberto Suazo Cordova is the result of our people's longing for a better situation. For this reason, the people cast their votes en masse for the Liberal Party, fully believing that in this way they would put an end to the chain of despotic governments and usher in a new era in which democracy, social progress, and peace would prevail.

However, the results do not coincide with the people's desires. Initial expectations became weaker and weaker until they disappeared. The government's provisional and dictatorial methods gradually established themselves and the prevailing economic, social, and political crisis worsened to such an extent that the nation was thrown into a state of anarchy, thereby creating unrest and uncertainty in Honduran society.

The reasons for this reside in the strain caused by the dominating system that the U.S. bourgeoisie established in the region, especially in Honduras. This dependent capitalistic system has failed thunderously, taking along with it the leaders through whom the Reagan administration imposes its will in our homeland.

The system started the current crisis is one of surrender and servility of the middle class, dependent on the dictums of the policies of the U.S. monopolies whose only aim is to perpetuate foreign dominance for the sole benefit of the transnational enterprises. This policy of unconditional surrender has been expressed by the current government. The will of the IMF on economic affairs is followed blindly. For this reason, not only has the economy stopped growing, but it has regressed compared to previous years.

Regarding politics, the Reagan government decides the line to be followed by the Honduran Government. This has turned the country into a U.S. military base and a springboard for aggression against Nicaragua and other area peoples. This in turn has led the Honduran Government to sabotage the Contadora peace efforts.

Honduras has imposed a war economy and policy. This situation has reduced human rights, violated national sovereignty, and endangered peace in Central America.

At no time in history has the people's rights been violated to such an extent. Persecution, political murders, and reports of missing people have become common place.

The rights and the internal activities of social and political organizations have never been disrespected to such an extent. Authorities completely disregard workers rights. At present, it is almost impossible to organize a union because the authorities and employers join together to violate this right. The recession caused by the government's economic policy has caused large-scale closing of small- and medium-sized national enterprises. This in turn has increased unemployment. While inflation has raised the prices of basic goods, salaries have remained the same. Agrarian reform has been paralyzed and budget for health and education programs have been cut.

In addition, the foreign debt has reached 4 billion lempiras and the fiscal deficit has reached more than 300 million lempiras. Administrative corruption and political sectarianism have become common. The people get poorer because their rights are violated over and over.

The situation is such that government spokesmen cannot deny that the Honduran economy over the past 3 years is characterized by: A decrease in public investments, reduction of imports and exports, reduction of public expenses and private consumption, limitation of outside credit lines, increased outflow of capital, a deficit in the balance of payments, and a growing loss of international reserves. The situation is bound to deteriorate because the government does not have proper solutions to overcome the crisis and to initiate a process of economic recovery that suits the current historical circumstances.

At present, the government is bogged down in a deep institutional crisis expressed in the open confrontation of the three branches of state, namely, executive, legislative, and judicial.

The confrontation and division between the branches of state is not due only to the general crisis that has befallen Honduran society. Undoubtedly, the crisis has influenced the confrontation, but there are other important, circumstantial factors that determine this situation. These factors have to do with the ruling group's incapacity--especially the one to which Suazo Cordova belongs--and their internal ambitions for power.

A new economic system to extract the country from its current crisis has not been discussed. Time has been spent disputing the hegemony of the government to be elected in November. The dispute regarding the next government has erased the traditional conflict between the blue and red [liberal and conservative] parties, and each is being covered with a blue-red banner. In their feud they have violated laws, principles, and moral standards and have used any means to achieve their sectarian political objectives. All of them are to blame for what has happened and continues happening in the country. None of the struggling political sectors have proposed a proper solution to the people's problems.

In order to consolidate democracy in the country we think it is necessary to pass a congressional resolution mandating that internal elections be held within the parties to choose candidates.

The National Congress should order a thorough investigation of public and judicial administration to put an end, once and for all, to the generalized corruption that has characterized the current regime.

The commission appointed by the National Congress to investigate corruption in the administration of justice should be a permanent one and should report to the Honduran people on the results of the investigations.

In view of the failure of the current economic system and the worsening of the economic, social, and political crisis in Honduran society, FUTH proposes the following measures to overcome the current situation.

Regarding the economy:

1. Create a mixed economy according to an autonomous development plan by the country's productive forces.
2. Reorient the national economy by fostering development of small- and medium-sized industries.
3. Draft an economic and social development plan that includes the implementation of the agrarian reform.
4. Nationalize banks.
5. Nationalize foreign trade.
6. Diversify agricultural and industrial production.
7. Foster cooperative industrial enterprises of an associative nature.
8. Open new international markets.
9. Renegotiate the foreign debt.

10. Reduce salaries and travel and representational expenses for high-ranking government officials.

11. Reduce military expenses.

12. Collect the private enterprise debt backed by the state.

Regarding sovereignty and peace:

1. Eliminate military bases, remove all foreign troops from the country, and cancel all military exercises.

2. Renegotiate military agreements according to the nation's interests.

3. Respect the principles of self-determination, free determination of peoples, and national sovereignty.

4. Follow an independent foreign policy.

5. Support a peaceful solution to the region's crisis according to the Contadora proposals.

Regarding the political, social, and cultural rights of the people:

1. Create a national health and social security system.

2. Develop a literacy plan and foster primary, secondary, technical, and higher education, as well as literature and sports.

3. Develop urban reform that guarantees the people's right to a decent home.

4. Enforce political pluralism.

5. Restore democratic rights and liberties and respect absolutely human rights.

6. Eliminate repressive laws and dismantle paramilitary bands.

7. Grant broad and unconditional amnesty to all political prisoners.

8. Clarify the situation of missing persons and political murders and punish those found guilty of these crimes.

FUTH knows there are solutions to the institutional crisis. There is a legal solution, and there is a political solution, but FUTH warns that either of these--in order to overcome Honduras' crisis--will have to be based on the government proposals presented in this document.

FUTH appeals to its members and the Honduran people to close ranks to find the best solutions to the great problems we face.

FUTH National Executive Committee

Tegucigalpa, 11 April 1985

CSO: 3248/333

3 May 1985

JAMAICA

CARL STONE SLAMS U.S. DRUG POLICY TOWARD JAMAICA

Kingston THE DAILY GLEANER in English 20 Mar 85 p 8

[Article by Carl Stone]

[Text] The **Gleaner's** recent publication of a report on drug control efforts in Jamaica by some staff members employed to the U.S. House of Representatives Foreign Affairs Committee left me a little puzzled. The report criticises the government for not doing enough about drug control and points an accusing finger, alleging corruption in high governmental circles.

The publication is being quoted on the street as well as on **Public Eye** as if it were gospel. I became curious to find out why the study on Jamaica was done at this time, what evidence there is to support the various conclu-

sions and what really is the status of this seemingly "authoritative" report on ganja in Jamaica.

I was surprised to find out that there is more to this report than meets the eye.

The report itself covers not just Jamaica but some 15 countries from Southeast Asia, South America, Central America and the Caribbean.

A careful reading of the entire report indicates that most of these countries' reports are far more scathing, critical and condemnatory about failures to control drug trafficking and drugs production than the report on Jamaica. I am just a little curious as to why the U.S. Agency who fed this report to the **Gleaner** took the trouble to leak only the Jamaican findings so that it would be reported entirely out of context.

Major Problem

Indeed, in Southeast Asia the report admits that although drug trafficking is a major problem in that area only Malaysia is taking the kind of concerted measures thought to be necessary to fight drug trafficking and production seriously. In the case of South America, the report admits that vast sums have been spent on drug control but with little to show for it as the drug empires are growing bigger and wealthier.

As regards Central America and the Caribbean, only Mexico, Jamaica and Panama get individual country reports. Panama comes out slightly better than Jamaica but Mexico is by far the country that gets the worst assessment in terms anti-narcotics efforts by the government. The so-called survey report is based on interviews with U.S. and local governmental and law enforcement officials in the individual countries. There is no independent body of investigative data supporting the many conclusions drawn. Indeed, far more meaty evidence about drug trafficking can be found in NEWSWEEK investigative reporting on narcotics than in this report.

Hastily Conducted

One gets the distinct impression that this was a hastily conducted piece of work based entirely on second hand, hearsay evidence of who said what and serious doubts must arise as to whether this report has any more authority than the mounds of gossip one hears around Jamaica about who is in ganja and who is making how many millions out of the weed.

The report itself makes it clear that it does not represent the views of the House Committee as it is the product of a staff study. 90% of the report presents conclusions on these various countries without the slightest indication of the facts on which these conclusions are based. Indeed, the report is in fact a very sloppily done document that has to be seen mainly as a hastily contrived piece of propaganda designed to induce these 15 countries into making more efforts towards drug enforcement.

Nothing is wrong with that except that we have to pause and examine exactly what these inexperienced youngsters on this staff study mission are asking these countries to do and whether their analysis makes any sense.

Double standard

In all of these country reports what comes across consistently are recommendations for these countries to spend vast sums of money over and above what is now being spent on narcotics eradication.

The first question I wish to raise is this. Where is a poor country like Jamaica that is now being forced to cut back health and educational expenditure going to find the money to

mount massive campaigns to eradicate ganja, when we already do not even have enough motor cars to enable our police to deal with normal crime, especially in rural areas?

Further, the reports give ample evidence that massive campaigns using special anti-drug squads and helicopters and even chemical spraying have failed to show significant results at curbing the expanding drug empires in several countries (Mexico, Colombia, Thailand, Burma etc).

The fact of the matter is that the survey report in its eagerness to indict governments other than the U.S. government fails to point out that given the massive sums earned from narcotics and the growing demand for drugs in the lucrative U.S. market, eradication methods per se are not likely to significantly reduce the volume of drugs produced and traded.

Even more revealing is the fact that the report fails to cite the United States as a major source of ganja production and omits to point out that most of the measures it is attacking these non-U.S. governments

for not undertaking are not being undertaken by the U.S. government to curb U.S. based drug production.

Why the double standard?

The report attacks the Jamaican government and many others for refusing to permit chemical spraying yet the U.S. government has not been spraying the ganja fields of California with the paraquat this report wants all of us to use.

Jamaican travellers

The interesting thing is that many countries refuse to give U.S. agencies any co-operation at all, or to either give information to such agencies or to take mild anti-narcotics measures. Yet the report makes no drastic recommendations for sanctions against them and admits that cargo coming from such countries is not even searched by U.S. customs for narcotics. Japan is one such example. Yet this report wants the U.S. to search every traveller coming from Jamaica and to force this country to use paraquat chemical spraying of farm areas and to mobilise large sums and expensive equipment which we can't afford to eradicate ganja although the experience of so many other countries suggests that this is not likely to eradicate ganja growing or trafficking. Yet our government co-operates with the agencies and has adopted anti-drug measures within the limits of our resources.

The U.S. has a massive drug problem which they expect the world to solve for them by deploying large chunks of scarce financial and human resources into fighting narcotics. What gets me upset is that while we are being pressured to do this we are being told by other U.S. and World Bank/IMF "experts" that we cannot afford to provide decent health services for our people or adequate educational facilities for our children.

What kind of priorities are being imposed on us?

Drug interests

The allegations about political or governmental corruption and the drug trade in Jamaica caused quite a stir of local interest. The report claims that both the JLP and the PNP get large campaign contributions from drug interests. No evidence is presented to support the inference and neither was the committee engaged in gathering hard evidence on which any such conclusion could be drawn. Like so many other conclusions it was derived from who said what to this survey team of committee staff whose main mission it seems was to shock non-

U.S. governments into more action by publishing all the gossip and hearsay tales they could string together.

Manipulation of information is a prime weapon used by U.S. interest to demoralise and control Third World societies. Moreover, because we are so steeped in colonial thinking and values that we give the stamp of irrefutable authority to any rubbish written about us by North Americans or Europeans, we become such easy targets for their propaganda games.

Drugs and ganja are indeed serious problems here. There is widespread corruption supporting ganja growing and trafficking here. Too many of our law enforcement personnel are implicated in the business and too many of our business people and politicians have a connection with this illegal trade.

But this report does little to clarify what we know generally about the scope and extent of the drug business here. It comes up with no new facts enabling us to identify who the Mr. Bigs are and how and from what source we are going to get more resources to fight narcotics on a bigger scale. It has managed to cast a cloud of suspicion around the JLP government with its sweeping and unsupported generalisations about corruption in high places by elevating rumours and gossip to the status of fact. Perhaps that was the main intention.

We just have to be more careful in the future how we assess and digest expert reports coming out of Washington.

JAMAICA

MAGISTRATE PROMISES JAIL TERMS FOR U.S. DRUG OFFENDERS

Jail Terms for American Offenders

Kingston THE DAILY GLEANER in English 14 Mar 85 p 1

[Excerpts] Gleaner Western Bureau--A resident Magistrate in Montego Bay said yesterday he would impose custodial sentences rather than fines on American offenders in drug cases in view of recent press reports suggesting that it was the view of the U.S. Government that not enough was being done to stem ganja trafficking.

R.M. Mr David Pitter appeared to be making reference to the four-part series on the Jamaican "ganja connection" which was featured in the GLEANER from Sunday to Tuesday.

In the R.M. Court yesterday three Americans were fined a total of \$18,000 or four and a half years' imprisonment for possession of ganja and attempting to export the drug.

The offenders were arrested at the Donald Sangster International Airport on Tuesday March 12 while attempting to board Air Jamaica flight 017 to New York.

Referring to recent reports in the press which suggested that the U.S. Government was of the view that enough was not being done by various sectors of the community to stem ganja trafficking to the United States, Mr. Pitter said he was going to stop fining Americans for drug offences and, instead impose custodial sentences.

American Woman Jailed in Jamaica

Port of Spain SUNDAY GUARDIAN in English 24 Mar 85 p 15

[Excerpts] An American woman who pleaded guilty yesterday in Jamaica to charges of possession of cocaine was jailed for nine months by a circuit court judge who told her "I will have to show your country what we are doing to stamp it (drug traffic) out because they have asked for it."

CSO: 3298/534

JAMAICA

SEAGA PREDICTS POSITIVE GROWTH BUT FEARS RECESSION

House Debate on Estimates

Kingston THE DAILY GLEANER in English 14 Mar 85 pp 1, 3

[Text]

The Government's programme to slash the budget deficit to 8.3% of GDP (Gross Domestic Product) in the current financial year is showing a projected out-turn of 7.8% with under three weeks to go, the Prime Minister, the Rt. Hon. Edward Seaga told the House of Representatives, yesterday.

Mr. Seaga made the announcement in the debate on the First Supplementary Estimates 1984/85 in Parliament yesterday. He said also that the negative growth that had been projected for the calendar year should now be positive growth of half per cent.

Last May, he had announced a programme to produce a sharp reduction in public expenditure including a reduction of staff in the public sector to achieve a near 50% cut in the deficit from 17% of GDP to 8.3% of GDP, or \$605 million.

Mr. Seaga also announced that:

- The cut in the budget as estimated in the Supplementary Estimates tabled in the House last week would be reduced from \$151 million to \$137.7 million, due to increased revenues.

- The tax revenue out-turn was on almost on target being out by a mere \$4 million, despite Opposition claims that it could not be met.

- The loan programme was on target in contrast with the situation which existed in the 1970s.

Mr. Seaga said that there was a reduction of tax revenue of \$18 million plus a reduction in revenue from the bauxite levy of \$88 million, including a loss of \$28 million due to strikes at Alpart and Kaiser. But,

there was an intake of \$38 million in non-tax revenue due mainly to bauxite barter arrangements.

He said that when the reduced revenue flows of \$18 million and the reduced bauxite levy flows of \$88 million were tallied, and the \$38 million of non-tax revenue surplus added there would be a net shortfall in current resources of \$68 million."

A Government financing programme to sell various assets it owned including properties had fallen short, and there was a reduction of revenue from incompleting programmes including licensing, registration and passport collection as well as the fees which should have been collected by the Ministry of Health, totalling \$23.2 million.

When that \$23.2 million was added to the \$68 million shortfall in current resources, it left a total of \$91.2 million. Externally financed projects which were either delayed or deferred and therefore did not come into the budget stream to the extent originally anticipated totalled \$60.5 million. This left a total of \$151.7 million which had to be cut from the budget.

The Government had set out to achieve tax revenues of \$2,066 million and the estimates of the out-turn to March 31, 1985 was \$2,062 million, which was \$4 million outside the projections.

The loan programme for the year called for raising \$1242 million by way of multilateral and bilateral sources, and \$157.8 million from collective sources, totalling \$1399.8 million. Of this amount, however, only \$697 million were required to

finance the deficit which meant that there was a surplus of \$702.8 million.

He said that the difference came from the increased foreign exchange rates and would be used to settle loans which were not in the country's best interest.

Mr. Seaga said: "The budget has been financed on a basis that the revenue out-turn is almost dead on target; the actual budget cut will not be the \$151 million that we are today debating in the First Supplementary Estimate, but about \$137 million having improved with the improvement in revenue that will take place between now and the end of the year.

"The loan programme is not only fully subscribed, but is actually more than twice the amount that is needed: one half used to pay for the deficit and the other one half used to substitute for existing debt of less advantageous terms to improve the terms under which Government will be able to service its debt in the future and so as not to add to the amount of debt. All of this in effect to enable us to meet the obligations that we have without increasing the deficit.

"The original deficit was \$697 million, and we have worked hard all year to try to ensure that we contain the deficit at that level.

"The projection for the end of this year which is two to three weeks' time is an out-turn of a deficit of \$697 million, which means that we are exactly on target."

He said that in terms of the reducing the budget deficit, the country had not only hit the target "right on the head," but the other side of the equation had also improved as the GDP had improved over and above what was anticipated.

"It had been forecasted during the year that there would be a negative growth of 1½% to 2% in the course of the calendar year. It appears now that the out-turn for the calendar year will not be a negative out-turn of 1½% to 2%, but a positive rate of growth of ½%," he said.

The Supplementary Estimates were approved after debate.

Recession Threat

FL291600 Bridgetown CANA in English 1627 GMT 28 Mar 85

[Text] Kingston, 27 Mar--Jamaica's Prime Minister Edward Seaga has warned of the possibility of a second world recession in this decade. The warning was made while he was delivering an address on behalf of the Caribbean at the annual general meeting of the Inter-American Development Bank (IDB) in Vienna yesterday, according to a press release from the government news agency JAMPRESS.

Seaga said that unless world trade continues to grow under the strong pull of the giant industrial countries to an extent which will facilitate a positive transfer of adequate resources to debtor countries, then the prospects of continued recovery will recede over the horizon.

He said that the recession would reappear unless the rest of the industrial world was ready and able to take over the fuelling of recovery in Latin America and the Caribbean, as an alternate engine of recovery to the United States.

The prime minister expressed concern that recovery in the world economy was still heavily dependent on economic trends in the United States. He noted that the United States itself was faced with huge fiscal and trade deficits which called for sacrifices in terms of real growth in that economy which, if implemented, may no longer allow the U.S. economy to be the primary engine of global economic recovery.

We must take it as inevitable that the U.S. administration will move to structurally adjust its own economy and will no longer be able to be the engine of recovery from world recession. As that occurs, we must seriously ask ourselves, where is the next engine of world economic recovery? he said.

He warned that there would be a second world recession if there was no second engine of recovery to perform such a task.

CSO: 3298/535

JAMAICA

STATISTICAL REVIEW SHOWS SOME ECONOMIC RECOVERY GAINS

Kingston THE DAILY GLEANER in English 15 Mar 85 p 16

[Text]

December Statistical Review shows

The December Review of the Statistical Institute of Jamaica indicates that the economic recovery strategies employed by the government have begun to have some effect. Exports increased during 1984 with all traditional crops excluding sugar and bananas registering positive growth. In manufacturing export activity, the wearing apparel industry has expanded. Tourist arrivals increased in all categories during 1984. The Review also shows that for Imports for 1984 — all categories with the exception of "raw materials, food and other machinery and equipment" decreased in comparison with 1983. Increasing demands continue to be placed on the Auction System.

Fiscal Accounts

Data for the period April to December 1984 show an increase of 57.5 percent in total revenue over the corresponding period in 1983 when tax revenue was \$1,081.2 million compared to \$1,703.4 million for the same period in 1984. At the same time total expenditure increased by 18.5% with current expenditure increasing by 28.8% and capital Expenditure cutting back by 18.7 percent.

Money and Banking

The modifications introduced into the Auction System in late November which included:

- the removal of the fixed band
- the elimination of the restriction of downward floats and
- the introduction into the system of sale at bid prices rather than at the determined price for each auction have resulted in a decrease in the total carry over demand for foreign exchange. At December 1984 this averaged US\$4.9 million in comparison to US\$15.3 million for the previous month. Despite these measures the supply to the system was not sufficient to satisfy the demands placed on it and this consequently led to the devaluation of the Jamaican dollar on four successive auction days.

At the end of December 1984, the assets and liabilities of commercial banks recorded an increase of 5.9 percent over the previous month, moving from J\$5,121.4 million to J\$5,426.0 million.

The containment of consumer loans which was reflected in the November Review continued in the figures shown in the December Review and consumer credit was kept at a minimum registering a decrease of -13.7 and 56.4 percent respectively at the end of November 1984 when compared to the end of November 1983.

External Trade, Payments and Tourism

Policy measures aimed at reduction of the Balance of Payments deficit by increasing exports and reducing imports have had some effect. Total domestic exports during the period April to December 1984 increased by 2.6 percent from US\$523.0 million in April to December 1983 to US\$536.5 million for the corresponding period in 1984.

The value of imports during the period April to December 1984 declined by 6.4% moving from

US\$968.3 million in the same period for 1983 to US\$906.2 million for the corresponding period in 1984.

The growth in visitor arrivals in December and for the April to December period was due primarily to increased arrivals of cruise ship passengers. In December the number of cruise ship passengers grew by 31.8% and by 8.2% for the April to December period. However, average length of stay fell from an average length of stay of 9.7 days in 1982 to 9.0 days in 1984.

Production

The continued devaluation of the Jamaica dollar has led to resultant increases in the cost of imported raw materials contributing to increased production costs and decline in consumer demand. As a result most of the products surveyed for this review experienced declines in levels of production.

In the Mining and Refining Sectors, bauxite production declined by 6.2 percent while that of alumina declined by 4.8 percent when data for December 1984 are compared with that of November 1984. Production of gypsum decreased by 44.4 percent in the present quarter over the corresponding quarter of 1983.

Decreases in production levels were also experienced by the Manufacturing sector — poultry meat, fish, edible oils and rum showed decline as follows 36.5 percent, 87.5 percent, 1.6 percent and 40.7 percent respectively in the present quarter over the December quarter of 1983.

Inflation

In December 1984 the Consumer Price Index rose by 0.6 percent over the previous month, the All Items Index for Jamaica having moved from 541.6 in November 1984 to 544.7 by December 1984.

For the full year 1984 the rate of inflation as measured by the Consumer Price Index was 31.2 percent which although higher than the rate of 16.7 percent in the previous year, was within the projected range of 30-33 percent. For the fiscal year to date, the index went up by 22.5 percent compared with 13.1 percent for the corresponding period in 1983.

Population and Labour Force

At the end of the December quarter the population of Jamaica was estimated to be 2,190,100 an increase of 1.2 percent over the population estimate of 2,165,000 at the end of the September quarter.

Labour Force data presented up to September 1984 show that at this point in time the number of persons in the labour force was 971,400 of which 724,700 were employed and 246,700 unemployed.

The unemployment rate stood at 25.4 percent in September 1984 a 0.2 percent decrease from April.

JAMAICA

PRIVATE SECTOR GROUP DEFENDS ACTIONS TO BOOST ECONOMY

Kingston THE DAILY GLEANER in English 20 Mar 85 p 8

[Letter to the Editor]

[Text]

The Editor, Sir:

We're writing to strongly disagree with Carl Stone's assertion about the private sector "that continues to bury their heads in the sand", written in his column of Monday, March 11, 1985. A columnist of Dr. Stone's stature and experience should know that the rudimentary basics of journalism demand that a writer research his facts before making accusations of the type he did in that column.

I want to set the record straight concerning the Private Sector Organisation of Jamaica (PSOJ) and its affiliate organisations. We have been continually, over the past eighteen months, developing positive, constructive realistic recommendations for solutions to Jamaica's economic and social problems. To mention a few, which have been advocated both publicly and to the Government, we call attention to the following recommendations:

— The continuing call for genuine tax reform as a necessity to enhance production and investment as a major policy change to spur growth.

— Two major recommendations for incremental export incentives to lead the entire productive sector towards sales to hard currency markets, to enhance foreign exchange earnings for the nation and to provide jobs and income for Jamaicans.

— The often repeated call for Customs reform to stop the massive foreign exchange leakage and to provide alternative income for the Government.

— The repeated pleas for development finance for the private sector, so that efficient expansion and new production can occur for the good of all Jamaica.

— The strong recommendations that the Government implement its deregulation policy so that it will be possible for producers to produce profitably and expand their market penetration for greater earnings and jobs.

We could go on, but the important points are that the private sector organisations are working on and proposing solutions to our serious problems. We strongly support struc-

tural adjustment and the policies that this Government has implemented to direct Jamaica more towards a market system. We do feel that there are additional policy changes needed to enhance and speed the economic recovery the country must achieve.

In the next thirty days, the Private Sector Organisation, along with other major private sector associations, will be coming forth with a comprehensive economic development strategy that we feel is necessary to enhance the positive steps already taken to adjust the economy.

Hopefully, this major policy paper will be a blueprint for national dialogue which will mean a brighter future.

In the meantime, we do ask that if columnists are going to make blind statements, they at least take a minute or two to check with the real world.

I am etc.,
SAM MAHFOOD

President
The Private Sector Organisation of
Jamaica

CSO: 3298/535

JAMAICA

PNP'S PATTERSON HITS GOVERNMENT EMPLOYMENT OF EXPATRIATES

Kingston THE DAILY GLEANER in English 15 Mar 85 p 1

[Text]

Mr. P. J. Patterson, Chairman of the People's National Party, has called on Prime Minister Edward Seaga to tell the country the number of foreigners now employed in the public sector and the foreign exchange expenditures involved.

Speaking at the PNP People's Forum at the Oceana Hotel Wednesday afternoon, Mr. Patterson charged that a "parallel bureaucracy" manned by expatriates had developed. The country, he said, should be told the rates of remuneration, including all allowances, for the foreign staffers and the efforts which were made to secure Jamaicans for the posts.

He said that without a full disclosure of the terms and conditions of employment of the "growing parallel bureaucracy," the people of Jamaica would be forced to conclude that it was one more instance of the "callous disregard" shown by the administration for their hopes and aspirations. The disparity in wage levels and conditions of service between the expatriate and the local staff was contributing to a sense of inferiority and job insecurity, he said.

The Party Chairman pointed out that at the National Water Authority which had been run by Jamaicans even before Independence, the five top persons heading it were foreign consultants. In the television section of the Jamaica Information Service the highest paid Jamaican received \$18,000 while the lowest paid expatriate received some \$150,000 per year. Mr. Patterson also said that at the Bank of Jamaica there were 11 expatriates who between them earned \$13 million. In light of this, the Party was bound to register the most serious complaint in the disparity of wages and conditions of work, Mr. Patterson said.

The Party was not saying that there were not special situations

where foreign skills might not be necessary, but before they were used every means of securing local skills should be first exhausted. And where there were expatriates, a Jamaican should be appointed to understudy him so that he could take over. National institutions had been opened up to foreign supervision and it had been reported that the Cabinet was now subject to visitors "from outside Jamaica," Mr. Patterson said.

"We see being constructed a parallel bureaucracy comprised mainly of expatriates who are progressively taking over even the most sensitive areas of national responsibility. This country is now suffering from foreign consultitis," Mr. Patterson declared.

Mr. Seymour Mullings, the Party's spokesman on finance, called on the Prime Minister to disclose the results of the International Monetary Fund (IMF) December quarterly test. He said the silence about the results was great cause for concern. According to him, the harsh conditions attached to the Standby Agreement indicated that the I.M.F. had lost confidence in Mr. Seaga and the Government. He charged that other international financial institutions had also lost confidence in Mr. Seaga.

The Government, he said, had no moral authority to negotiate further agreements with the I.M.F. on behalf of the people of Jamaica. "If Mr. Seaga insists on negotiating an agreement in the absence of a mandate and signs any agreement which inflicts more hardships on the people, then he must be prepared to accept the full consequences."

Commenting on the cutbacks in capital expenditure, Mr. Mullings said that they were stultifying growth and "keeping the production engines in neutral gear." The "serious cutbacks" meant that production was not proceeding at the pace necessary to lay strong foundations for the growth of exports.

JAMAICA

BONN PROMISES ADDITIONAL ECONOMIC ASSISTANCE

FL291743 Bridgetown CANA in English 2138 GMT 28 Mar 85

[Text] Kingston, 28 Mar--West Germany has promised Jamaica more economic aid following talks here between visiting German Economic Cooperation Minister Jurgen Warnke and Jamaica's Foreign Minister Hugh Shearer.

In the discussions on the next programme of assistance to Jamaica, Dr Warnke said that the Federal Republic of Germany would increase its assistance, a Foreign Ministry statement said today. No figures were given. Warnke is winding up a three-day visit to Jamaica during which he had talks yesterday with Shearer and Central Bank and other government officials.

West Germany is already providing Jamaica with \$US20 million dollars for energy development projects and another \$17 million in commercial credits.

Sources here say they expect separate talks later to flesh out specifics on economic assistance.

Shearer and Warnke also spoke about Kingston's efforts to develop West Germany as an important tourist market, and negotiations of an investment treaty between the two countries. According to the Foreign Ministry, Warnke hoped the treaty would be soon concluded so that further impetus could be given to potential German investment in Jamaica.

Warnke also indicated Bonn's support for Jamaica's economic adjustment policies instead of opting for the easy way out which would produce bigger problems, the Foreign Ministry said.

According to the Jamaica statement, the West German minister also touched on budgetary deficits in the industrialised nations, saying they had adverse effects on other countries.

He shared Mr Shearer's concern at the failure by Western industrialised countries to fully implement the plans agreed to at the Williamsburg and London summits (to speed up world economic recovery), the Foreign Ministry said.

CSO: 3298/536

JAMAICA

PNP CHARGES 'RASCALITY' IN VOTER REGISTRATION PROCESS

Robertson, Rattray Remarks

Kingston THE DAILY GLEANER in English 15 Mar 85 pp 1, 3

[Text]

Dr. PAUL ROBERTSON, General Secretary of the People's National Party, has charged "rascality" in the enumeration process and said that 71,512 voter identification cards have not been distributed.

Dr. Robertson, the Party's representative on the Electoral Committee, was giving an electoral update at the PNP's People's Forum at the Oceana Hotel on Wednesday. He said that 884,026 cards had been distributed of a total of 955,538 on the list.

According to the General Secretary, the analysis of the 7.5% undistributed cards proves "most interesting and revealing" and the party was insisting that none of the 18,000 cards in the "dead and migrated" category, should be distributed without the most rigorous investigation.

Three St. Andrew constituencies accounted for almost 23% of the undistributed cards, Dr. Robertson said, questioning "what sort of rascality has caused this." These constituencies were St Andrew West Rural, South Eastern and North Central. He also said that already one person had been held at the Pegasus Hotel with two identification cards.

The General Secretary also warned against any breaches of the agreement relating to the adjustment of constitu-

ency boundaries. It had been agreed that the matter would fall to the Electoral Commission when it was entrenched in the Constitution, he said, pointing out that because this could take some time, agreements had been reached on how this should be handled in the event that boundaries had to be adjusted prior to the transfer of the function. He said the party leader would be making a statement on the matter at a later date.

"We publicly warn again that any further double cross in this area will do irreparable damage to our system and any prospect of national unity. Any attempt to amend these agreements will have serious consequences for the national life of the country," Dr. Robertson stated.

Mr. Carl Rattray, Chairman of the Forum, speaking on the party's call for elections, said that the tragedy of the one-party Parliament was that good and honest people had been lured to become a part of the "Parliamentary monstrosity." In Mr. Rattray's view, if the Independent Senators wished to retain any dignity and credibility, the only proper course open to them was to resign from the Senate now and cease being a part of

an "unsavoury charade."

Turning to the Parish Councils, Mr. Rattray said that at the moment they were being stripped of most of their responsibilities and this would deprive the electors in the parish council elections of the authority to vest responsibility for anything of merit in their elected councillors. In light of this the exercise of the right to vote in those elections would have become an empty gesture.

He said that the cause of the disunity in the country was to be found in the breach of parliamentary undertakings in the calling of the 1983 elections. When that action was redressed, the foundation would then exist for the establishment of the unity which was a prerequisite for any meaningful economic development in the nation.

"Unless this is done, a meeting of our political leaders will be purely cosmetic and will not advance the cause of national unity".

Election Official's Denial

Kingston THE DAILY GLEANER in English 15 Mar 85 p 1

[Text]

The Director of Elections, Mr. Noel Lee, who was asked last night to comment on Dr. Robertson's charge of "rascality", said the first point he wished to make was that the figures quoted by PNP General Secretary Dr. Paul Robertson were part of a preliminary report which he (Mr. Lee) had presented to the Electoral Advisory Committee. The figures were correct.

"Now any member of the Committee is free to interpret those figures in whatever way he may wish," Mr. Lee and went on to add:

"What I can say from my own

interpretation of the figures — and I have done some preliminary analysis of them — is that there is a higher proportion of undistributed cards in the higher-income bracket and in the densely populated urban areas, as, for example, Stony Hill, Norbrook and Cherry Gardens in St. Andrew; and the same trend appears in the urban areas of Montego Bay, Ocho Rios and Spanish Town."

Commenting specifically on the charge of "rascality in the enumeration process," Mr. Lee said: "I have no evidence of widespread rascality."

JLP Response

Kingston THE DAILY GLEANER in English 19 Mar 85 pp 1, 3

[Text]

THE HON. BRUCE Golding, Minister responsible for electoral matters, has rejected PNP charges of "electoral rascality" as "rash and irresponsible statements which have no evident basis in fact."

Mr. Golding was responding to a statement by PNP General Secretary, Dr. Paul Robertson, at the party's People's Forum last week Wednesday questioning "what sort of rascality" had caused the non-distribution of 71,512 voter identification cards as part of the enumeration process.

In his statement on the matter Mr. Golding said:

"The General Secretary of the People's National Party, Dr. Paul Robertson, has charged that there

has been rascality in the registration of voters as is evidence by the existence of 71,512 voter identification cards which have not been distributed.

This is a grave charge and it must be assumed that Dr. Robertson has clear evidence of such rascality other than just the existence of 71,512 undistributed cards.

In a report submitted to me in my capacity as Minister responsible for electoral matters, the Director of Elections gave the following breakdown of the undistributed cards in 37 of the 60 constituencies:

Voters who have removed from the

addresses at which they were registered	15,384
Voters who have died	5,584
Voters who have migrated	3,497
Voters who were not at home when the	
distributors called	11,441
Total	35,906

The Director indicated that in addition there were 35,606 undistributed cards in the remaining 23 constituencies but that he had not yet received the breakdown for these constituencies. This report was also made available to Dr. Robertson in his capacity as a member of the Electoral Advisory Committee. Unless Dr. Robertson has other evidence which he had failed to disclose, how can any sane person deduce from these figures submitted by the Director of Elections that there has been "rascality" in the enumeration process? As far as I am aware, Dr. Robertson has placed no such evidence before the Electoral Advisory Committee nor has indicated that such evidence exists.

Dr. Robertson referred specifically to the three constituencies which have the highest number of undistributed cards. In South Eastern St. Andrew and North Central St. Andrew, the figures are 4,970 and 4,212, respectively. These are among the 23 constituencies for which a breakdown has not yet been submitted. The other constituency, West Rural St. Andrew, has a total of 3,321 undistributed cards broken down as follows:-

Removed	1,128
Dead	180
Migrated	244
Not found at home	1,769

Dr. Robertson declared that the PNP was insisting that 'none of the 18,000 cards in the dead and migrated category should be distributed without the most rigorous investigation.' Who was insisting otherwise? Indeed, why would cards belonging to persons who have died or migrated be distributed at all — investigation or no investigation?

While the temptation to sensationalism by the Opposition politicians is understood, if not condoned, Dr. Robertson would be well advised to avoid these rash and irresponsible statements which have no evident basis in fact and which serve only to cast a slur on the integrity of the Director of Elections, his staff and the members of the Electoral Advisory Committee, who continue to serve their country in this important and sensitive area with dedication and distinction."

CSO: 3298/536

JAMAICA

STONE POLLS MEASURE SUPPORT FOR DEMONSTRATIONS, WPJ

Queries on Subversives, Sabotage

FL252246 Bridgetown CANA in English 1746 GMT 25 Mar 85

[Text] Kingston, 25 Mar--Fifty-three percent of Jamaicans supported January's widespread demonstrations over petrol price increases, but backing was significantly higher in the capital, Kingston, and surrounding areas, according to the [words indistinct] demonstrations started when government increased the price of petroleum products by upwards of 20 percent. At least five persons died in occasional violent flare-ups.

According to Professor Carl Stone's poll, done for THE GLEANER publications, 53 percent of the interviewees said they supported the protests, 45 percent said they did not, and 2 percent had no answers.

However, in Kingston and its environs, where the demonstrations were more telling, 66 percent of the persons interviewed supported the action. In parishes outside Kingston, the support was 56 percent.

Stone's poll was conducted 22-28 February, with a sample of 950 persons age 18 and over spread across 53 communities islandwide. He gives a 5-percent plus or minus sample error.

Stone said the opinions tended to be heavily influenced by party support with backers of the Marxist Workers Party of Jamaica (WPJ) and the democratic socialist People's National Party (PNP) more in favour, and supporters of the ruling Jamaica Labour Party (JLP) opposed to the demonstrations.

Stone also found that a majority dismissed the government's allegations that sabotage took place during the protest, or that the alleged sabotage was connected to the demonstrations. Forty-three percent dismissed the sabotage allegations, against 34 percent who agreed with the government, and 23 percent who offered no opinion.

And, if there was any sabotage, 40 percent said it was not connected with the demonstrations, 31 percent said it was, and 29 percent did no know.

Another finding of Stone's poll was the majority rejection of parliamentary accusations late last year by National Security Minister Winston Spaulding linking the leftwing opposition, supported by Cuba, with a rise in violence and terrorism here. Forty four percent disagreed with Spaulding that the country faced the danger of organised subversive violence linked to the opposition, against 35 percent who did, and 21 percent who did not know.

Only 28 percent of the persons interviewed felt that there were subversives with PNP connections and 36 percent felt there were subversives with WPJ connections. Some 41 percent felt there were terrorists with JLP connections.

Commenting on his poll findings, Stone said: The answers sharply reflect the deep political divisions in the country. PNP and WPJ supporters treat the government's allegations as political propaganda while JLP supporters take them seriously.

WPJ Support Levels

FL272304 Bridgetown CANA in English 1206 GMT 27 Mar 85

[Text] Kingston, 27 Mar--Ten percent of Jamaicans like the Marxist Workers Party of Jamaica (WPJ), according to an opinion poll just published, but it was unclear whether this would translate into tangible votes in an election. But, Professor Carl Stone, who conducted the poll for THE GLEANER publications here, found that 58 percent were hostile to the party.

The Stone poll was conducted during the latter part of February when 950 persons in 52 areas across Jamaica were interviewed. Stone gives his poll a five per cent plus or minus error factor.

In his previous survey conducted last September, Stone, a respected pollster who accurately predicted the results of the last two contested general elections here, found that the WPJ had a two percent support, falling far behind the two major parties.

He has so far not published the party standings, but in this survey, Stone asked: The communist WPJ has been very active recently and seems interested in putting up candidates to run in the next elections. What is your personal view of the WPJ?

Fifty-eight percent were hostile to the WPJ, Stone said, while 12 percent had no strong negative or positive feelings about the party.

But 10 percent liked the party, which is particularly vocal on issues here, and 20 percent had no views.

Stone said support for the WPJ was anchored mainly on the sentiment that the WPJ leadership defends the small man and speaks out strongly against injustice and oppression.

He said that apart from persons who express a willingness to vote for the WPJ, favourable views for it came mainly from leftist-inclined supporters of the democratic socialist People's National Party who admired the WPJ leadership and its uncompromising stand on certain issues.

In this regard, it is striking that the WPJ has not been able to make significant inroads into the large body of persons alienated from the JLP (ruling Jamaica Labour Party), he said. These persons tend to be turned off by all parties.

CSO: 3298/536

JAMAICA

STUDENT GROUP WANTS GOVERNMENT OUT OF PLANNING YOUTH EVENTS

Kingston THE DAILY GLEANER in English 15 Mar 85 p 3

[Text] The Jamaica Union Tertiary Students (JUTS) has demanded that the planning of important youth events such as the International Youth Conference to be held here next month, be "taken out of the hands of Government personnel".

A release from JUTS said that "since the activities are being organized for youths" it would have thought that the youth organizations of the country had the main responsibility for organizing the events.

"To this day, neither the JUTS nor the Jamaican people are aware of any of the country's national youth organizations or known youth leaders who are taking part in the activities of the Jamaica National Co-ordinating Committee of the International Secretariat or Jamfest".

It questioned the absence of participation of youth groups such as the YMCA, YWCA, the Girl Guides, the PNPYO, the National Secondary Students' Council, the JUTS and Churches in the organization of the Conference.

"Because of the secrecy involved in the planning of this youth conference the Jamaican youths are not aware of, firstly, what are the criteria being used to invite international organizations to attend this conference; and, secondly,

what is the criteria that is going to determine the Jamaican delegation which will be representing Jamaica at the conference; what are the issues to be discussed at the conference and what is expected to be achieved from the Conference".

JUTS has also questioned the Government's attitude towards the National Co-ordinating Committee made up of 16 youth organizations and headed by the Minister of State in the Ministry of Youth and Community Development, which has been established to plan activities for International Youth Year.

The release said that the body had been meeting very inconsistently and had not met for the past two months because of "the lack of attention by the functionaries of the Ministry of Youth and Community Development".

JUTS contrasted the Government's planning of the conference with the planning for the 12th World Festival of Youth and Students to be held in Moscow, USSR, from July 27 to August 3, under the auspices of the United Nations.

CSO: 3298 /537

JAMAICA

BRIEFS

HOLD ON OIL DRILLING--Kingston, Fri (CANA)--Jamaica is still in the search for oil, but will not sink new wells for another year or two, according to Energy Minister Hugh Hart. Petroleum Corporation of Jamaica (PCJ), is conducting seismic surveys in the west, north and eastern sections of the island, according to Hart. Those surveys had been made possible by a grant of \$1.2 million (US) from Norway, the minister said. Hart said, too, that it was likely that with help from Petrocanada, further pre-drilling activities would be undertaken by PCJ. He said when those were completed, a reevaluation of all seismic and geological data must be done. These pre-drilling activities will take place this year and a further drilling programme will not be considered before 1986/87, he told an energy conference in Kingston. Restating the need to conserve energy, Hart said efficiency and prudence in the use of petroleum could best be achieved by using the market mechanism or prices and incentives for industries to begin to make better use of the energy-saving technologies available. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 25 Mar 85 p 5]

CSO: 3298/537

MEXICO

REMAINING MINORITY FACTION THREATENS TO DEPART PSUM

Mexico City UNOMASUNO in Spanish 17 Mar 85 pp 1, 7

[Article by Roberto Vizcaino]

[Text] With the threat of the almost imminent withdrawal of Rolando Cordera and other members of the MAP [Popular Action Movement] looming overhead, the second day of the 12th National Plenary Session of the PSUM [Unified Socialist Party of Mexico] Central Committee drew to a close. At the meeting, Pablo Gomez presented a draft resolution analyzing and questioning the recent departure of a large group of PSUM members headed by Alejandro Gascon Mercado, who formed his own political party.

In the document, which was widely challenged during the second day of the plenary meeting of the PSUM Central Committee that will conclude today, the author seeks to show that the original purpose of the party is still valid and that unification is still possible.

However, the draft resolution was invalidated by the discussions that have taken place for several weeks regarding the demands of Rolando Cordera and other members of the MAP, who sent a letter to Gomez, secretary general of the PSUM, demanding an explanation of the co-optation of political positions previously reserved for the Mapaches [MAP members].

In particular, they questioned the attitude of the PSUM leadership taken at the election of the technical adviser of the School of Economics of the UNAM [National Autonomous University of Mexico], in which one of the Mapaches was challenged by one of the former members of the Communist Party now governing the PSUM.

It was recalled that the same procedure was followed, the document states, in past elections of the STUNAM [Trade Union of Workers of the National Autonomous University of Mexico], in which the Mapaches had five positions lost as a result of decisions by the PSUM leadership.

In the face of this situation and others following the departure of Gascon Mercado and others now belonging to the Party of the Socialist Revolution (which some say has grouped nearly 60 percent of those active in the PSUM throughout the country), Cordera and other members of the MAP have apparently become the

center of the hegemonic attack of the leadership of the PSUM, whose majority is made up of former members of the Communist Party.

In the face of this situation, the MAP faction of the PSUM has threatened to withdraw, a situation that would leave the PSUM with only members of the former Communist Party.

Likewise, the so-called faction of "renewers" -- basically from former Communist Party youth groups -- has assumed a critical attitude of the latest decisions of the PSUM leadership headed by Pablo Gomez, now called the "secretary of the split."

At yesterday's session, some of the members of that faction harshly questioned the Central Committee's draft resolution, considering that the document is absolutely extemporaneous, for it analyzes a matter that has been outstripped by events: the departure of Gascon Mercado and others. They warned that the document is tricky, contradictory and fallacious because it claims to reveal that the initial purpose of the PSUM persists, when in fact it is absolutely outdated and modified, inasmuch as those who conceived it are no longer in the PSUM.

They also denied that discussion and criticism are possible for, they said, it has been shown that those who practice them are practically excluded from political action and are stigmatized in behalf of action to strengthen old sectarian structures of the old Communist Party.

Against this background, the 12th National Plenary Meeting of the PSUM will continue and conclude today, deciding on the proposed resolution and a summons "to emerge from the crisis and enter democracy."

11,464

CSO: 3248/312

3 May 1985

MEXICO

BRIEFS

CIVIL-MILITARY RELATIONS CALLED CORDIAL--Guadalajara, Jal., 18 Mar--Protesting today in his capacity as new commanding officer of the 5th Military Region and the 15th Military Zone in Jalisco, Gen Vinicio Santoyo Fera said that relations of the Mexican Army with civilian authorities will continue within an atmosphere of cordiality and denied that the change of command is related to conflicts experienced by the institution. It should be pointed out that Santoyo Fera is considered one of the army's foremost experts on national security and defense. In addition, he has served as deputy director of the Military College and the Advanced War School, chief of personnel on the staff of Military Camp 1 and director of the National Defense School. He has degrees in military administration, has completed post-graduate study and his last post was as chief of staff of the Secretariat of National Defense. [by Alfredo Jimenez and Eduardo Chimely] [Excerpts] [Mexico City EXCELSIOR in Spanish 19 Mar 85 'States' Section p 2] 11,464

CSO: 3248/312

NETHERLANDS ANTILLES

EXXON UNDERTAKES JOB SEARCH CAMPAIGN FOR LAGO EMPLOYEES

Willemstad AMIGOE in Dutch 27 Feb 85 p 3

[Text] The American parent company of the LAGO refinery on Aruba, EXXON, has paid for an ad. which is currently appearing in a large number of internationally oriented, important newspapers. The ad is an attempt to find new jobs for the approximately 900 employees of LAGO.

The first of these ads appeared yesterday in the International Herald Tribune. It mentioned the fact that receiving a termination notice is a crushing experience for employees, especially when external factors have made the layoffs necessary.

Due to economic circumstances, says the author of the ad--the "Job Search Center" in Miami--a major oil-refinery finds it necessary to terminate its refining and transshipment operations. The refinery does not consider a "thank-you-very-much" and "golden handshake" sufficient, and thus has started a job search campaign for its employees, so that the approximately 900 personnel can be assisted in finding a new job. This is according to the ad. It also mentions that most employees have Dutch passports and can be employed anywhere in the world by oil and gas companies, and by construction and manufacturing firms. More information about these employees and their qualifications can be requested from the Job Search Center.

In an interview with AMIGOE on this subject, LAGO public relations adviser Jossy Lacle declared this morning that the ad is part of the company's attempt to find new jobs for the approximately 900 employees of the plant. For instance, LAGO also organized training sessions for all employees of the refinery, during which they were taught how to write resumes and letters of application and were shown how to handle interviews with potential employers.

Although the refinery on Aruba will shut down for good as early as March 31, only a very few of the employees have already found a new jobs. The majority have not yet been successful, Lacle admitted. He said he was hoping that the ads that are now appearing would bring some positive results.

There is no question of negotiating with the parent company Exxon about possibly continuing the refinery operations, Lacle confirmed. As far as he

knows, however, there are still discussions between the government of the Island of Aruba and an Arabian group which some time ago indicated some interest in taking over the refinery. LAGO itself is presently also talking to the Government Council of Aruba, according to the public affairs adviser. These talks, however, have nothing to do with the take-over but concern how to proceed with the shutdown of the refinery, such as whether to dismantle the facilities or not, and the additional financial aspects. And until these talks are brought to a conclusion, Lacle said, no further information about them can be released.

12861

CSO: 3214/21

NETHERLANDS ANTILLES

ASSURANCES GIVEN ON QUALITY OF ISLANDS' DEFENSES

Willemstad AMIGOE in Dutch 6 Mar 85 p 3

[Text] Willemstad--The possibility that Antillean defense could be neglected and that the Netherlands could no longer fulfill its operational objectives in defending the Netherlands Antilles because of a shortage of personnel and materiel is out of the question. The chairman of the Association for Promotion of Naval Concerns (VBZ), Van Donk, who made a statement to that effect this week in the Netherlands on his return from the Antilles "was mixing apples and oranges." Although the naval commandant shares Van Donk's general uneasiness in certain affairs, a number of aspects were mixed up and expressed "in an exaggerated way" by the VBZ chairman. This was the reaction this morning by the chief of staff of the naval commandant in the Netherlands Antilles, Col Pieter Hiemstra, to Van Donk's statements.

Besides the fact that he sees Antillean defense endangered by a shortage of personnel and materiel, Van Donk also said in the Netherlands that military facilities can scarcely be safeguarded. Munitions storage areas and radio transmitters could similarly be under the guard of only one man.

Speaking to AMIGOE this morning, Colonel Hiemstra categorically denied the charge that Antillean defense would be inadequate as a result of a shortage of personnel and materiel. The naval commandant in the Antilles should be viewed as an "insurance policy, just as the Americans are in Europe," he said. From this presence, it should be clear to the outside world that "whoever touches the Antilles touches the Kingdom of the Netherlands." In this obligation, no concessions are being made with respect to plans and preparations, the colonel stressed. The extent to which defense is in fact entirely adequate can only be tested in practice, he added.

According to Colonel Hiemstra, the VBZ chairman's conclusions were primarily the result of his [Hiemstra's] statements concerning insufficient safeguarding of military facilities. This safeguarding could indeed be better, the chief of staff acknowledged. On the other hand, according to him it was not proper to seize upon this aspect in order to question Antillean defense. It was consequently in this regard that the mixing of "apples and oranges" was brought up.

Defense, according to Hiemstra's explanation, has at its disposal a number of facilities, such as barracks and the like. These could in the naval commandant's opinion be better protected. "For example, we would like to have bigger fences and alarm systems," he said. However, in no sense were the Antilles unique in the sense that safeguarding facilities could stand improvement. There would be a desire in the Netherlands for similar improvements as well, he noted.

According to Van Donk, Dutch spending cuts of 30 percent in infrastructural provisions provided the backdrop for the shortages, due to a lack of financial means. The VBZ chairman mixed up a number of issues there as well, according to Hiemstra. The 30 percent cuts have nothing to do with infrastructural provisions, the colonel said. These cuts affect only accommodations for personnel and apply to defense personnel in the Netherlands as well.

A reduction in personnel is, according to Hiemstra, out of the question, at least in numbers. There will definitely not be fewer people sent to the Antilles. The opposite is true. Although it is not as much as the naval commandant would like, a very gradual increase has taken place in the number of marines, for example. The number of marines, which was reduced in the 1970s from 600 to 400, has risen to almost 420.

The chief of staff also acknowledged this morning the fact, raised by Van Donk as well, that the navy tugboat is no longer in service. The tugboat, which provided primarily logistical support, can indeed no longer be operationally employed. However, the tugboat is of no importance for defensive purposes. On the other hand, it was sorely missed with respect to introducing sportive elements into defense exercises. However, the navy leadership is at the moment hastily looking for alternatives to replace the navy tugboat.

The contention that the Antillean militia is equipped with "the most antiquated weapons" was according to Hiemstra an "obvious untruth." The personal weapons of members of the Antillean militia are exactly the same "as those carried by, say, a Dutch marine in Norway." However, as far as weaponry such as machine guns, mortars and the like is concerned, there are indeed differences. They are not identical to those of Dutch units. According to the colonel, this is not really necessary. The militia units are intended for training guard detachments, he argued. They do not need the same weapons as, say, defense units with a duty to attack. Finally, with respect to the Antillean militia's communications equipment, which according to Van Donk is similarly obsolete, Hiemstra said that ultimately this equipment is not in fact the most modern in existence, but that in this the Antillean militia is nevertheless one step ahead of identical units in the Netherlands, which are completely lacking in communications equipment.

12271

CSO: 3214/22

NICARAGUA

SUPREME COURT VICE-PRESIDENT ON JUDICIAL AUTONOMY, REFORM

Managua EL NUEVO DIARIO in Spanish 23, 25 Mar 85

[Interview with Dr Vilma Nunez de Escorcia, vice-president of the Supreme Court, by Sandra Maria Cubhas; date, time and place not given]

[23 Mar 85, p 12]

[Text] Because our Revolutionary State requires continual judicial reforms, and in view of the need to keep up with the progress that is being made in the legal field, as well as the pitfalls and limitations, we are presenting here an interview with Dr Vilma Nunez de Escorcia, vice-president of the Supreme Court. She gives us an overview of the judicial activities the court has carried out in the first 5 years of revolutionary life.

[Question] Dr Nunez, how did the current Supreme Court begin its activities after the triumph of the Revolution, and when was the new judiciary organized?

[Answer] The court based its actions on the legal grounds provided in Articles 9, 21 and 22 of the Fundamental Statutes, which among other things stipulate that the organization and functions of courts and judges shall be governed by current law, unless they are expressly or tacitly reformed by the Statutes and other subsequent legislation.

In other words, the Revolution called for our legal instruments to continue along the lines of the previous juridical order, with the specific exception of the Organic Law of the Courts and the substantive and procedural codes, which no longer respond to the justice needs of our people.

The organization of our judiciary began when the First Supreme Court of the Revolution was formed, followed by the appointment of the magistrates of the Courts of Appeals. Decree 1153 of 16 December 1982 restructured the Courts of the Second Instance and the old Courts of Appeals were replaced by the Regional Courts of Appeals in order to facilitate speedy access to the Justice Courts by the majority of the population.

Problems

[Question] In that regard, what have been the main problems that have arisen during this first stage, which we might call the organizational period?

[Answer] I think that the main problem was the lack of human resources and of fully trained personnel to be able to meet the justice needs of our people. We did not have enough lawyers who were personally honest and did not have previous ties to the Somoza regime, yet had enough judicial experience.

Another problem the nascent revolutionary justice system faced was the total lack of appropriate sites for courts throughout the country. The Supreme Court and the courts of Managua operated out of a school under deplorable conditions. The courthouses in Chinandega, Esteli, Masaya and Matagalpa had been destroyed during the liberation war, and the rest were sacked.

[Question] Dr Nunez de Escorcia, do you feel that in the crowded conditions in which legal activities are carried out in our country, and given the material and technical limitations, the objectives set forth by the Revolution can be achieved?

[Answer] Frankly, today the majority of our courts are still in rented facilities. The only place that was still intact was in the city of Leon, and it does not meet the minimum requirements for a proper courthouse.

I feel that the material conditions could not be worse. Nonetheless, despite the economic limitations, the budget has been growing because there is a political will to provide better treatment for the Judicial Branch. In this connection, there is a program to improve conditions in the facilities where justice is imparted, but the unfair aggression against us has limited these efforts.

Certainly the physical and material conditions are preventing us from developing the way we want to, but in the final analysis it is the judges who carry out justice, the men and women who are truly conscious of their historical role and who over the years have become the true heroes of justice. Despite the poor conditions, they continue to be devoted to the interests of the people, especially those judges who must endure not only the limited conditions of the justice system, but also the constant threat posed by the counter-revolutionaries. As a matter of fact, six judges in Regions I and V have lost their lives in the line of duty in the past 5 years, while in other cases judges have had to evacuate the courts because of constant attacks by the mercenaries.

[Question] As a member of the top judicial entity, do you feel satisfied with the juridical reforms that have been carried out?

[Answer] No. As a member of this Supreme Court, I am not entirely satisfied with the degree of development that has been promoted so far. But something has been done; at least I can tell you that the negative image of the supreme Court as a bureaucratic organ of the Revolution, the idea that the Revolution is not being carried out here and that it has not been able to penetrate the walls of our nearly destroyed courthouses, has changed substantially. We have made an effort, and have achieved positive results in most of the nation's courts, to expedite the processing of pending cases. In this regard, we can state that the results have been optimal in the Supreme Court; there is no

backlog of cases, and often we justices have to wait for a case to be processed completely before we can rule on it.

Difference

[Question] Dr Nunez de Escorcia, what would you say is the difference between the work of a judge in a country in the middle of a Revolution, and that in a self-described democracy where there is no Revolution?

[Answer] Look, I want to tell you that I am absolutely convinced that being a judge in a revolutionary country is not the same as in a non-revolutionary country, because in taking on the task that the Revolution assigned to us, we realized that it was not enough to hand down sentences, give legal opinions and make reports, come to work early and change the previous image of the justice system. We had to begin an entire process of institutional transformation.

One important difference lies in the enforcement of legislation. In any country, the laws respond to the prevailing situation; but in a country in the middle of a transformation, the laws must be enforced in accordance with the principles of the Revolution. On the other hand, we cannot limit ourselves to the administration of justice, but must become involved in the transformation.

In Nicaragua, we are moving from a corrupt and dictatorial legal system in which the judiciary was a tool of the corrupt and repressive system of the Somoza regime, to a revolutionary justice system in which judges are not bought and sentences are not sold.

[Question] Dr, do you think that there is autonomy of opinion in the judiciary?

[Answer] Here there is a clear independence in the administration of justice. Each judge maintains his own criteria. The Supreme Court is an institution in which the positions of each magistrate are profoundly respected, regardless of the ideological convictions of the magistrates.

[25 Mar 85 p 12]

[Text] In this second segment we present a few general aspects of the work of the Supreme Court during its first 5 years of revolutionary life. The interview with Dr Vilma Nunez de Escorcia, magistrate of the Supreme Court, continued as follows:

[Question] Dr Nunez de Escorcia, previously you said that the new Supreme Court, on beginning its work, faced an entire process of institutional transformation. What was the order of priorities for the tasks to be done?

[Answer] We have carried out our activities along three basic lines: drawing up programs not only to transform this institution as an organ of government, but more broadly, to revamp our norms and change the entire judicial system of the country. This involved all institutions that have anything to do with the country's juridical life. For example, Nicaragua urgently needs to change its

Penal and Procedural Codes as well as the current Organic Law of the Courts, but the Supreme Court cannot do that alone.

In addition, we have developed judicial and political-ideological training programs for court personnel and others in sectors involved in the administration of justice; we have begun a program with different projects aimed at restructuring the institution internally, without having to wait for a reform of the legislation that governs us.

In this regard, we have restructured the Judicial Inspectorate of Evidence, which will begin operating under the new system in a few days as soon as the proposed reform of Article 3, Decree 1618 of 24 September 1969 is approved, relating to the powers of the Supreme Court to oversee the professional conduct of attorneys and notary publics.

This project will reorganize the administration of the various courts, and will implement effective controls over judicial activity throughout the country to solve the problem of quality and quantity control that has been evident until now.

In addition, recently another project has begun which, in general terms, aims at modernizing and regionalizing the judicial administration. In this way, by properly distributing functions and defining duties, we can eliminate the irrationalities, deficiencies, bureaucracies and arbitrary practices in this field.

Attention

[Question] Dr Vilma Nunez, do you believe that the justice system has gotten the attention it needs, in comparison with other aspect of the country's institutional life?

[Answer] We certainly feel that attention to the justice system is of vital importance to the country, just as vital as the other basic needs of the population. At present, we believe there is an awareness of the urgent need to transform the judicial apparatus, or in broader terms, that it is high time we reformed the legal system to respond to the new situations that are emerging as the Revolution transforms society.

I feel that something has been done, and the new constitution will be the frame of reference for that entire institutional transformation that is so urgent and necessary.

[Question] Dr, do you feel fulfilled as a woman and as a legal professional in your job as magistrate of the Supreme Court?

[Answer] I think that for a legal professional who studied law by vocation, who worked in the profession and practiced law as a means to serve others, the maximum aspiration she could have is to serve on the Supreme Court. For me, it is even more significant because I was appointed to the Supreme Court by

the Sandinist National Liberation Front, which is for me a great honor and challenge that I will never betray.

As for my fulfillment as a woman, naturally I feel very satisfied to be the first woman to be appointed magistrate. But I do not see that as a personal achievement, but evidence of the progress of the Revolution. Only the Revolution could have made this possible, so I think that my presence on the Court represents what Nicaraguan women have been demanding all along. Only the Revolution was able to recognize that, and for that reason growing numbers of women are being named to the bench in the various courts of the country. Now women comprise 27 percent of the nation's judges.

That is why we should not look at this participation in isolation or on an individual level, because any effort, no matter how good, will fade into history without long-lasting repercussions or major social achievements. So don't think that there is just a woman serving here as vice-president of the Supreme Court, because every professional woman is first and foremost a revolutionary woman.

8926

CSO: 3248/322

NICARAGUA

EXCESS POTATO PRODUCTION TO BE EXPORTED

Managua EL NUEVO DIARIO in Spanish 22 Mar 85 p 4

[Article by Felix Rivera M.]

[Text] Jinotega--In the next few months, producers in Region 6 may export 100,000 quintals of potatoes to Guatemala and Panama. The transaction has already been approved by the regional delegate of the Domestic Trade Ministry, Francisco Oviedo.

Julio Blandon, who is in charge of perishable goods for UNAG-Jinotega [expansion unknown], stated that the 100,000 quintals are the surplus from the irrigation and flooding cycle harvest that farmers have begun in the Jinotega and Matagalpa region.

The important thing, noted Blandon, is not to leave the national market short; the remaining 150,000 quintals will be enough to cover domestic consumption for about 4 months. In addition, Region 1 (Esteli, Nueva Segovia and Madriz) also has enough potatoes to export and to supply the whole country.

He claimed that by common agreement, it has been decided that the best quality, largest potatoes will cost 1,000 cordobas per quintal, while smaller potatoes will sell for 800. These figures are based on the new production costs, estimated at 888.26 cordobas for a quintal of potatoes.

Regarding the mechanism for exporting, Blandon indicated that the potatoes will be sold to merchants through the Ministry of Foreign Trade, which will be responsible for exporting the product to Guatemala (90,000 quintals) and Panama (60,000 quintals).

Each of the two departments that make up Region 6 will have a 50,000-quintal surplus to be exported, added Blandon.

Losses Recovered

Commenting on the high spirits of potato growers in the region, Blandon asserted that there is great enthusiasm because the bumper harvest will help farmers recover from previous years' losses that resulted from natural disasters,

defective seeds and other factors. They will also be able "to increase planting and production for the coming years."

During these two production cycles (flooding and irrigation), 30,000 manzanas are reported to be planted in potatoes, which have yielded a maximum of 200 quintals and a minimum of 80 quintals per manzana.

The potatoes grown in these two cycles are reported to be of excellent quality. They include varieties such as Kenebec, Cardinal, Desiree, Acimbra and Loma. Unlike previous years, in 1984 and so far in 1985, ecological and natural factors have favored farmers. As a result, 250,000 quintals are expected to be harvested.

Replacement

Julio Blandon also reported that a campaign to increase potato consumption will be carried out among consumers and throughout the national market, now that there is an abundance of this crop. Incidentally, potatoes can replace corn as a staple; corn is in short supply because the aggression has reduced yields.

Blandon recalled that our country has traditionally imported potatoes for national consumption, but now, in addition to being able to supply the national market, we can export the product and thus earn foreign exchange.

8926

CSO: 3248/322

PERU

AIR GROUP REPAIRS, MAINTAINS AIR FORCE HERCULES CRAFT

Lima EL COMERCIO in Spanish 12 Feb 85 p A-8

[Text] A savings of \$1 million on each plane which they repair and maintain shows the high level of aeronautical technology acquired by Air Group No 8 [GA-8], technicians.

Up to a year ago the FAP [Peruvian Armed Forces] Hercules planes had to be repaired in American, Israeli or Argentinean shops with a consequent loss of foreign exchange.

Now, however, FAP technicians save \$1 million on each plane of this type which they repair.

Yesterday, Col Carlos Cabrejos Moreno, GA-8 commander, reported that this week, following the appropriate inspection by Lockheed engineers, the second plane repaired by FAP technicians will come out of the shop. Meanwhile, a third Hercules planes is in the process of being repaired.

Initially, 95 plane components were sent for repairs to the Maintenance Service, the FAP Communications Service and abroad.

Over a period of 7 months, 47,220 man-hours were spent by the various FAP specialized units. The proper use of the work of this personnel made it possible to restore and or construct the plane's structural components with the corresponding savings of US dollars.

In addition, this has made possible the setting up of small enterprises and shops which furnish parts for these FAP planes, thus creating new jobs.

9204
CSO: 3348/409

PERU

4 PARTIES' CANDIDATES AGREE ON ARMS RACE LIMIT; APRA ABSENT

Lima EL COMERCIO in Spanish 14 Feb 85 p A-4

[Text] Manuel Ulloa (AP) [Popular Action], Enrique Bernales (IU) [United Left], Jose de la Puente Radbill (FDUN) and Andres Townsend (CD), who are candidates for first vice-president of the Republic, agreed last night on the need for a Latin American accord on the limitation of the arms race because it is hindering the development of the peoples and increasing foreign debts.

This agreement was reached within the framework of a debate on the subject "Peru: Foreign Policy Prospects," organized by the Peruvian International Studies Center (CEPEI) and held in that organization's building.

Luis Alberto Sanchez, the APRA first vice-presidential candidate, did not participate. Moderator Eduardo Ferrero Costa and IU candidate Enrique Bernales expressed regret at this since no explanation was given for his absence.

On the subject of armaments, Ulloa said that in 1984, Latin America spent \$5 billion and that at the last Spanish American meeting in Buenos Aires a document was signed in which the first steps were taken toward a non-aggression pact among those countries.

Enrique Bernales expressed agreement on the possibility of arriving at a freeze in the acquisition of armaments, but he pointed out that this would have to be accompanied by a reconsideration of policies with respect to borders.

He said that the IU supports a revision of treaties with Chile through constructive talks, because there are a number of problems which he believes should be clarified.

He said that the Supplementary Protocol of 1921 especially should be reviewed because it is the leftist position that there are several points where our full sovereignty over the Tacna Department is not defined.

Career diplomat de la Puente Radbill expressed concern over this leftist stand. He said that this would be dangerous since it would set off a chain of revisions of treaties.

He pointed out in particular that the Supplementary Protocol should not be touched and it would be better to accept things as they are. He said that the essential objective is peace among peoples.

Townsend Ezcurra also agreed on arms limitations in order to facilitate the country's development.

IMF and the Foreign Debt

Before an audience made up of politicians, representatives of the production sectors and diplomats, Ulloa said that the Peruvian foreign debt was \$13.5 billion or \$710 per capita.

While expressing his agreement with bilateral negotiations, he said that the IMF would agree to negotiate our debt after the elections; that is, that the new government would be the one to deal with this situation.

He announced that within a few days an IMF mission would arrive to study this possibility on the spot.

Bernales stressed that the IU will decide, if it comes into power, to unilaterally suspend payments to commercial banks, international organizations and other governments.

De la Puente disagreed with that government plan and pointed out that it would be suicide to go to that extreme. Townsend agreed with Ulloa that suitable formulas should be sought bilaterally.

When the subject of the Law of the Sea Treaty came up, only the IU representative supported signing it while the other candidates expressed reservations. However, they agreed that the subject should be submitted to a national debate.

The debate lasted 4 hours and covered, among other subjects, foreign relations, the Andean Pact, foreign investments and the Antarctic region.

9204

CSO: 3348/409

PERU

NORTH, SOUTH KOREA SAID VYING TO INFLUENCE INTERNAL AFFAIRS

Lima EQUIS X in Spanish 11 Feb 85 pp 13-15

[Text] Our country has become--long before the election campaign--a battlefield for North and South Korea in their incessant struggle to win over, each to his own side, the most influential political and governmental sectors. In this unusual competition, the representatives of the two Koreas in Peru are not partisan. They are only interested in finding out who holds power and who may attain it. With this lack of ideological scruples, the winners are the North Koreans. While the South Koreans would not dare to invite Alfonso Barrantes to visit their country, the North Koreans would have no problem inviting Luis Bedoya Reyes. In fact, members of parliament of all parties have been Kim Il Sung's guests. They have been welcomed with magnificent ostentation. As soon as the most important people arrive, to begin with they are presented with a pen and pencil set and a gold watch. South Korea specializes in inviting to Seoul, rightist party leaders and members of parliament regardless of what party they belong to. Alfredo Barnechea, a young APRA [American Revolutionary Popular Alliance] rightist, at present is a guest of South Korea. The South Koreans also specialize in cultivating Ministry of Interior officials and chiefs of police. The South Koreans use a means which the North Koreans have not yet employed: import business, a business in which a large number of relatives of their "friend" Andres Townsend participate. Naturally, besides providing tourist trips, all expenses paid, the representatives of both countries in Lima are most eager to invite to "social gatherings" leaders and members of parliament belonging to all parties. These are dinners and banquets at which very expensive food and liquor are served. Regarding these "meetings of friends," there is systematic spying activity between the representatives of the two countries. Each one knows who is being lavishly entertained by the other--and why and how. It is said that the person who "leaked" to the magazine OIGA about the reception given Alan Garcia at the North Korean mission was not an unnamed rightist belonging to APRA but a South Korean spy. The Peruvian intelligence service also reports that both Korean missions offer to parties and leaders lavish subsidies and "aid." However, we are in a position to state that although many have accepted these offers, Alan Garcia has always turned a deaf ear to any suggestion along those lines because he does not want his candidacy to be affected by any stain and besides, he firmly opposes any foreign influence on our domestic politics. In addition, as a matter of courtesy, he accepts all invitations from any foreign mission. Kin Chang Sik, the North Korean representative in Peru, knows this very well.

9204

CSO: 3348/409

TRINIDAD AND TOBAGO

MAHABIR'S ACTIVITIES IN U.S., AT UN CITED, ASSESSED

Aims of Mission

Port-of-Spain EXPRESS in English 20 Mar 85 p 1

[Article by Andy Johnson]

[Text]

IN A bold, new multi-pronged approach to forging a new image for Trinidad and Tobago, External Affairs Minister Errol Mahabir is now on a mission aimed at winning friends and influencing people, with particular emphasis on the United States.

The EXPRESS has been reliably informed that Mahabir, who flew to New York directly from Brasilia where he attended last Friday's inauguration of the new Brazilian president, Tancredo Neves, was on the road to sell the country, and that public and private interests in the U.S. were being heavily targeted.

In a statement last night from his office in Port of Spain, Mahabir was said to be meeting today with United Nations Secretary General Javier Perez de Cuellar, president of the U.N. Security Council Blaise Rabatfika, member countries of the Security Council and Caricom Ambassadors in New York. He is also expected to travel to Washington, D.C., where he is expected to hold talks with a number of U.S. Government officials, including Secretary of State George Shultz. He is also expected to address a meeting of the Western Hemisphere committee of the U.S. House of Representatives, at the invitation of Mervyn Dymally, a Trinidad-born member of the United States Congress.

According to information reaching the EXPRESS, Mahabir's transfer from the Ministry

of Labour was precisely to have afforded him this role, as the country's chief negotiator in international political and financial circles. A reliable source told the EXPRESS last night that whereas former External Affairs Minister Basil Ince had done a creditable job with his mandate in that ministry, the new government's bold new initiatives in pushing the country forward required the skills and the perceived experience of Mahabir, who, it was suggested, was being vested with authority to take final decisions on behalf of the government and people of Trinidad and Tobago.

It has been suggested that the Reagan administration has been anxious in recent months for local manufacturers and exporters to make a play for the access to U.S. markets open to this country, as a beneficiary in the Reagan-sponsored Caribbean Basin Initiative.

Following a series of meetings and discussions with businessmen in Port of Spain and San Fernando recently, CBI official Ed Kempe is reported to have

discussed with government officials his impressions that local industrialists had not yet begun to prepare themselves for taking full advantage of the potential benefits under the CBI.

Officials have drawn up a scenario through which Mahabir's new aggressive diplomacy is being framed, suggesting that the Reagan administration was considering shifting some of its heavy support for the crippled Jamaican economy, unto Trinidad and Tobago.

Mahabir is also expected to continue discussions with the World Bank in Washington, aimed at getting the bank to revert to a position taken by the board of executive directors that this country would continue to be eligible for loans and facilities from the bank under terms appropriate with its status as a developing country.

Prime Minister and Minister of Finance George Chambers protested the decision of the bank's president, to "graduate" this country out of that status.

Mahabir is expected back in Trinidad some time next week.

Peace Role at UN

Port-of-Spain TRINIDAD GUARDIAN in English 21 Mar 85 p 1

[Text] Trinidad and Tobago will play a positive and constructive role in the United Nations Security Council in the quest for durable international peace and reduction in international tensions.

Mr. Errol Mahabir, Minister of External Affairs, gave this undertaking when he addressed the Council in New York yesterday.

Minister Mahabir, who also addressed CARICOM ambassadors at a luncheon held at UN headquarters, said it was the first time Trinidad and Tobago had the honour to serve on the council like Madagascar and Thailand.

He informed his audience that the Constitution of this country guaranteed and enshrined fundamental rights and freedoms similar to those reflected in the charter of the UN.

The position was adopted on the international scene and socially in the deliberations of the Security Council, which Mr. Mahabir said, would mirror these rights and freedoms.

Minister Mahabir continued:

"Trinidad and Tobago has clearly enunciated principled decisions on a number of major international issues.

"These include apartheid, decolonisation and the inviolability of territorial integrity and sovereignty.

"We would be guided by these principles and concepts in our contributions to the United Nations and the Security Council.

"We are keenly aware of the effects of international economic problems on the stability of nations especially developing nations, and that in a number of developing countries in the impact has been quite serious."

Trinidad and Tobago, he added, found it necessary to make a number of adjustments to cope with the declining revenues and the effect of international trading policies.

Mr. Mahabir who recently assumed the post in a Cabinet reshuffle and which has also suddenly seen the Ministry's activities being somewhat aggressively publicised, said:

"Trinidad and Tobago is very concerned over the areas of conflict in the world and the tragic loss of life and destruction of property which continue unabated.

"Trinidad and Tobago will therefore play a positive and constructive role in the Security Council in the quest for durable international peace and reduction in international tensions.

"In doing so, we would have due regard for the position and interests of all parties, and at the same time we would approach all issues objectively, on the basis of our principles and national interest."

CSO: 3298/538

3 May 1985

TRINIDAD AND TOBAGO

GRENADA RELATIONS QUERIED IN CASE OF LOCAL FIRM'S CONTRACT

Port-of-Spain TRINIDAD GUARDIAN in English 20 Mar 85 p 1

[Text]

MYSTERY continues to surround that multi-million dollar contract that Emile Elias Construction Co. reportedly landed to work on Point Saline Airport.

Mr. Elias, managing director of the company, held a news briefing February 26, 1985, to reveal that his company, along with Janin Construction Company, of Canada, had received a TT \$8 million contract to build the sea wall along the parameter of the airport.

The managing director further disclosed that his construction company held 35 per cent of the contract which would earn this country TT \$2 million in foreign exchange. At the news briefing, Mr. Elias blasted the Export Development Corporation claiming he received no help from the EDC during

the year he worked to obtain the contract.

But a Cana report revealed that the Grenadian Government signed a \$5 million (Can) contract with Janin to work on the airport and knew nothing about any arrangement with Elias.

The "Guardian" attempted to contact Mr. Elias but was told he was attending a meeting of the International Planned Parenthood Federation of which he is honorary secretary. But an official of the construction firm held firm to the original report.

"We do have a joint venture agreement. It was stated very clearly, with Janin...65/35," he said. "In respect of the contents of the article I would prefer not to comment, the issues raised here are a

little strange."

But a high level official in the Export Sector disclosed he knew long ago, through his sources, that Elias did not in fact receive the contract and was simply trying to suggest he was bringing in foreign exchange in light of recent disclosures after the reading of his father's will. Mr. Elias's father it was reported, held millions of dollars in banks outside this country.

The official also felt it was time this country did something about Grenada which was "holding one hand out to us and then kicking us in the pants."

But the official from Elias Construction discounted this theory citing a recent contract awarded to Telco by that Government.

CSO: 3298/538

TRINIDAD AND TOBAGO

CHAMBERS CRITICIZED FOR SILENCE ON NATIONAL GOALS

Port-of-Spain SUNDAY GUARDIAN in English 24 Mar 85 pp 3, 14

[Text] The time has come for Mr. George Chambers, as Minister of Finance, to tell the public how he views the existing economic downturn; and his plans, policies, guidelines and suggestions for adjusting to the situation, but especially, overcoming it.

A recent issue of the Trinidad and Tobago Gazette listed the external assets of the country as \$2.5 billion at February 20, 1985. The figure was \$3 billion at the start of January, so that in something just short of two months, the country's overseas reserves declined by half a billion dollars.

The population recalls that our external reserves stood at over \$7 billion just a few years ago. The rate of decline is disquieting, to say the least.

True enough we have been told the revenue from petroleum has fallen. Mr. Chambers himself stated in the recent Budget Speech that "preliminary estimates put the underlying loss of reserves for 1984 at \$1,590 million or 32 percent of the stock of reserves at the beginning of the year."

He added that "the rate of loss of foreign reserves is still too high," and he went on to apply the old bromide of harsh taxation and punitive measures for overseas travel, but he failed to specify how Government intends pruning its own losses. Yet despite the subsequent worsening position, he has told us precisely nothing.

ISCOTT is still wasting half a million dollars every day. BWIA flies cheerfully out into the red each morning. PTSC remains a mobile fiscal disaster. And so on. The plain unvarnished fact is that we cannot continue wiping out our reserves at the rate we are going and still suffer these mammoth losses.

Mr. Chambers himself knows that he could not run his own household that way. Why on earth is the country being allowed to be continually bled to death when we are now approaching the need for urgent transfusion ourselves?

As we have stated before in this column, the country had looked forward to answers, hope, encouragement, and to a revitalisation in the budget. Instead, we have had our hopes drained, we have been given no directions. If anything,

the nation is feeling at a loss. And it has a lot to do with the ear-splitting silence from the top.

An annual budget that applies the same worn-out formulae, year after year, is hardly what one could call good and effective communication, the kind that gives comfort and direction. It certainly isn't the sort of national extension to what happens in close-knit families where members get together to chat, to plan, to discuss and to feel happy and assured by being in one another's company.

To quote a popular saying, "we is family too." We are a tiny nation with a small population and if our leaders don't communicate with us regularly and if we cannot communicate with them regularly, the oneness and closeness that build esprit and assurance, and which encourage confidence, purpose and effort, begin to get wiped out.

Answers

Mr. Chambers is not God. Neither are the members of his Cabinet. They cannot possibly have the answers to every problem. But if they would talk to us and give us their ideas and the direction they intend to pursue in those areas where they can have open discussion, then we the people, can discourse with them and at least feel encouraged and hopeful.

Instead we are given a few cold facts, and many harsh negatives in a Budget Speech, and then left to wander around in confusion.

Mr Chambers's style is not one of regular communication. Let's face it, not every leader is a great communicator. Some leaders delegate the task. However, this column feels that Mr. Chambers does not need a surrogate mouthpiece, but encouragement.

A Prime Minister is expected at least to try to communicate with his people. We want him to communicate with us. Never mind if he stumbles occasionally or sometimes bungles a fact. If his heart is in the right place, we the people will see it. It has nothing to do with power politics.

It has everything to do with positive leadership and as he starts communicating regularly, he will improve. He will then make his competitors try to do better. The nation will benefit from the greater efforts on all sides and will decide by its ballots who is doing the better job and who should get those ballots.

But in the meantime, our Prime Minister simply cannot continue behind this wall of silence. Take an example. How are we the people of this nation supposed to feel when we hear that he goes to the funeral in Barbados in a helicopter?

There are more than 200 miles of open sea, rough choppy and windy, between here and Barbados, hardly the sort of thing that one exposes a Prime Minister to, in a flimsy helicopter.

It is not the sort of risk that should be taken. Even if there were back-up Coast Guard facilities along the route, wouldn't it have been more practical and less expensive to use a twin-engine craft or a regular BWIA flight?

It is things like these that leave many people puzzled about our Prime Minister, and if he applies this continuing pattern to non-disclosure and aberrant behaviour to his regular pattern of living, it is understandable that many of his citizens would be living in a state of apprehension.

This does not mean that leaders are not free to spring surprises and to produce the occasional variation. But these should be within a context of a plan, a programme or a policy. Precisely what is our financial policy?

While we all applaud the new thrust being spearheaded by Errol Mahabir to win friends overseas and principally in free enterprise United States, our Government enacts measures that are clearly aimed at the continued strangulation of private enterprise.

We are told to produce more, and immediately the raw materials are given higher duties. Everyone talks about a mixed free enterprise economy, yet Government keeps buying more and more companies in an unmistakable drive towards socialism.

Objectives

Precisely what are we? The person to provide the answer is Prime Minister.

In the absence of definitions and clear objectives, a large measure of confusion prevails. For instance, we are told to save more, and then we are taxed more, directly and especially indirectly. How is the average housewife supposed to respond to this?

We are told to go into enterprises but the climate is one varying from tolerance to hostility, because success is still regarded as something colonial and therefore an enemy. So that even when our own people are successful, too many of us tend to categorise them unfairly. It leads to a crabs-in-a-barrel approach, with the society honouring no one, and bitterly fighting among itself. It takes leadership to correct situations like this.

Yet the silence prevails. We read that advances to commercial banks jumped from \$19 million at the start of January to \$75 million at the end of February. Precisely which commercial bank borrowed \$56 million from the Central Bank? We stand to be corrected but there is feeling that it was the NCB which in turn made advances to Government corporations. Surely a matter of this magnitude should not be left to speculation.

Much shrift has been made about overseas applications to build fertiliser plants at Point Lisas. One of the principal interests is Grace, long-time friend of the country. We are all glad about the potential investment, which will also reinforce Trinidad and Tobago's image as one of the leading manufacturers of fertilisers in the world. But therein lies a bit of a problem.

If we were to permit four or five major manufacturers to build plants at Point Lisas, will we run the risk of over-production and drowning ourselves in a self-made glut? These investments are of critical importance to the country at present, more so in terms of overseas earnings, and local employment.

Without giving away state secrets, surely the public deserves to be kept abreast of what is happening.

We have been told that three interests are holding discussions with the Government on the future of ISCOTT. The parlous state of our finances makes it imperative that something be done about that money-loser.

Is there a deadline on these negotiations? Are we in the public entitled to know, or are we supposed to pay taxes and shut up?

There are growing murmurs in many quarters that a method the Government is thinking of using in combatting the rapid decline in overseas reserves is devaluation. Maybe to as much as three-to-one.

This would be a serious business indeed, as it would drive the cost of living up to levels already

strained by recent budgetary stringencies. In the absence of a strong non-oil manufacturing sector, the benefits could be rather limited, and a devaluation would only serve to postpone the elimination of our reserves which appears to be approaching rapidly.

Devaluations are not things that governments telegraph in advance. But should a devaluation occur, how long do we expect to remain in the blind? Precisely how are we going to get out?

With individual incomes under increasing siege, will a devaluation mean that only the Government will be in a position to invest and to establish new companies? Will we be left with a blend of government investment and large foreign capital, with the people of Trinidad and Tobago left completely out of the mainstream of activity?

Actually, why should it be necessary for us to speculate like this? Nonetheless, we are in a quandary over which direction we are heading. In other words, "Quo vadis, Mr. Chambers?"

A final speculation. Should we consider floating the Trinidad and Tobago dollar? This of course would call for the establishment of a capital market; easier movements of money; removal of obstacles such as the Aliens Landholding act, and the headaches over repatriation of dividends or transfer of shares; and a truly vibrant Stock Exchange with extra benefits such as more than one unit trust (which at present is a government monopoly).

The public will welcome moves like these, but they involve decisions and directions. Once again "Quo vadis, Mr. Chambers?"

CSO: 3298/538

TRINIDAD AND TOBAGO

CHAMBERS DISCUSSES PRIORITIES FOR BOOSTING ECONOMY

Port-of-Spain EXPRESS in English 29 Mar 85 p 1

[Article by Omatie Lyder]

[Text]

POINTING out that the private sector had an important role to play in the economic revival of the country, Prime Minister George Chambers yesterday suggested that the business community place high priority on penetrating export markets, taking advantage of what was offered under the Caribbean Basin Initiative and the Lome III Convention.

"High on its agenda should be a concerted drive to penetrate export markets, particularly those available to us under the CBI and the Lome Convention III. In the process, those who have developed marketing expertise as representatives of foreign suppliers should now utilise this resource to promote the interests of our local manufacturers in foreign markets," he said.

Chambers was at the time addressing a large gathering of members of the business community and the diplomatic corps at a luncheon following the 106th annual general meeting of the Trinidad and Tobago Chamber of Industry and Commerce at the Trinidad Hilton.

He also suggested that another important priority of immediate concern was the preservation of business activity at levels which facilitate job security and also contribute meaningfully to employment creation.

"In this regard, workers and workers' representatives should recognise that it is in their interest to moderate their expectations in the collective bargaining process," he warned.

It was not for the Government, he pointed out, to articulate a detailed agenda for action. He added that he would like to think that individual firms and private sector organisations have been addressing themselves to business strategies aimed at taking advantage of the opportunities for diversification of their activities.

Also indicating that there has been some uncertainty surrounding the viability of non-bank financial institutions, Chambers, to the applause of businessmen present, revealed that Cabinet has recently approved drafting instructions for the amendment of the Central Bank Act to give the Bank stronger statutory powers to deal with institutions which are not properly managed.

The proposed amendment, he added, also provided for the creation of a deposit insurance fund which, when in operation, ought to contribute in no small measure to the restoration of confidence in non-bank financial institutions.

Chambers also stated that Parliament, having approved legislation for the establishment of a Home Mortgage Bank, was in the process of making arrangements for the bank to commence business around mid-year, signifying the start of a secondary market for home mortgages.

Responding to complaints made by the business community regarding difficulties encountered in dealing with government agencies, Chambers also revealed that progress has been made in plans for the "one-stop shop" to act as a clearing house for investment applications requiring official approvals and that he was in the process of streamlining the procedures for assessment of applications under the Aliens legislation.

"I believe I have said enough to suggest that apportioning and engaging in adversarial exchanges will contribute nothing to the national task of economic recovery. I put it to you further that we risk greater danger and injury to ourselves and to our nation's prospects if we succumb to negativism.

"Instead, the times demand of all of us a high commitment to the country, a disposition to listen more attentively to and cultivate a sense of appreciation of each other's point of view, an end to confrontation between management and labour, the pursuit of higher levels of productivity and a recognition that we have to work for what we want," he said.

TRINIDAD AND TOBAGO

HUDSON-PHILLIPS OUTLINES CASE FOR DEVALUATION

Port-of-Spain TRINIDAD GUARDIAN in English 29 Mar 85 p 1

[Text]

GOVERNMENT will have to devalue the Trinidad and Tobago dollar, something which should have been done quite some time ago, Mr. Karl Hudson-Phillips, Political Leader of the Organisation for National Reconstruction (ONR), said last night.

Speaking at a meeting at Cipriani Boulevard organised by the ONR where councillor Jensen Fox of the City Council gave an account of his stewardship so far, Mr. Hudson-Phillips complimented Councillor Fox "for the good work he is doing in the Council, notwithstanding the bureaucratic obstructions he is encountering at the hands of the majority party in the Council."

In a wide-ranging address, princip-

ally on the state of the economy, Mr. Hudson-Phillips repeated his fears about the value of the T&T dollar, particularly in the light of the weakening US dollar. He said that in his view all reports indicated that the Government has to devalue the T&T dollar. In his view, this move should have been taken quite some time ago.

He continued that now that the US dollar was weakening against the Pound and European currencies, "devaluation will be a double hardship, however necessary it is". He said, "As usual, Government has waited too long to act."

Referring to the present crisis in DEWD, Mr. Hudson-Phillips said that that crisis was by no means

isolated. "The reaction of the DEWD worker is an indication of the desperate situation of the majority of the people in the country. There are several families who, because of Government mismanagement, can-

not buy food to give their children, who cannot pay their mortgage and car instalments". This problem he said, had nothing to do with the world wide recession.

Mr. Hudson-Phillips invited the crowd to go to Woodford Square to celebrate the ONR's fifth anniversary on April 19. He said that plans were afoot for a massive cultural show and public meeting to kick off the sixth year of ONR struggle and achievement.

CSO: 3298/538

TRINIDAD AND TOBAGO

RASH OF FIRES AROUSES SUSPICIONS; PROBE UNIT FORMED

Fire Chief's Concerns

Port-of-Spain TRINIDAD GUARDIAN in English 25 Mar 85 p 1

[Text] Two fires in North Trinidad and one in Marabella, South Trinidad, causes losses amounting to more than ten million dollars on Saturday night. Chief Fire Officer Mack Copeland yesterday expressed his growing concern over the spate of fires in recent times.

At 8.35 p.m. Saturday, a call was made to Brigade Headquarters on Wrightson Road, Port-of-Spain, and eight appliances, including the turn table ladder, hose layer and water tankers under Deputy Chief Fire Officer Wellington Franklyn, went to Henry Street.

On arrival the firemen found Yum Yum Restaurant at 16 Henry Street well ablaze.

The firemen tried to contain the blaze but it spread quickly to Reggie's Shoe Store and Chukwag'n food outlet. These were completely burnt out.

It took the firemen about a half an hour to bring the blaze under control and prevent it from spreading to other buildings in the high risk area.

While on the scene another call was made to firemen that Donny's food outlet at the corner of Oxford and Abercromby Street was blazing. This fire was quickly put out by the attending firemen.

Overheated Oil

It was reported that the fire started when oil in a large fryer overheated and ignited and set the building ablaze. Damage was put at \$30,000.

And while Port-of-Spain firemen were attacking these fires, their counterparts in the South had their work cut out to put out a major fire at Fen Mohammed Stores 5-11 Union Road, Marabella.

Asst. Chief Fire Officer John Simon had to be despatched from Port-of-Spain to assist in fire-fighting operations there.

Assistant Divisional Fire Officer Marshall is investigating the Donny's food outlet fire.

Some 60 workers are expected to be affected by the three fires and members of the Fire Prevention Branch are to visit the scenes to look for possible clues.

Only on Monday last week fires wiped out Excellent Trading Company stores at the corner of Park and Frederick Streets, Port-of-Spain, and corner of Coffee and Lord Streets, San Fernando, within hours of each other. Losses here were estimated at more than four million dollars.

Commenting yesterday, Chief Fire Officer Copeland said that these fires were definitely "not accidental."

Special Investigative Squad

FL291752 Bridgetown CANA in English 1708 GMT 29 Mar 85

[Text] Port-of-Spain, 29 Mar (CANA)--A special investigation squad has been formed within the Trinidad and Tobago police service to probe the recent spate of fires in the capital, Port-of-Spain, and southern city San Fernando, press reports said.

Investigations into a number of recent fires in the capital's business places have already begun. Fires in San Fernando have taken place almost simultaneously, baffling investigators.

Last week, chief fire officer Mark Copeland said that the fires did not appear to be accidental and he expressed concern over the incidents.

In the last two weeks over 15 businesses have been destroyed by fire in two large blocks in the capital.

CSO: 3298/541

TRINIDAD AND TOBAGO

DEVELOPMENTS INVOLVING NAR, TAPIA HOUSE REPORTED

NAR Accord on Candidates

Port-of-Spain TRINIDAD GUARDIAN in English 20 Mar 85 p 1

[Text] National Alliance for Reconstruction (NAR) has agreed in principle on the selection of candidates to contest national elections.

Mr. Lennox Raphael, public relations officer of the Organisation for National Reconstruction (ONR), disclosed this in a Press statement following a meeting of the NAR's contact group Monday night.

NAR comprises United Labour Front, Democratic Action Congress Tapia House Group and the ONR.

Mr. Raphael who said the session was "positive, constructive, hopeful" added that the parties completed the draft constitution of NAR and set a timetable for completion of the NAR's policy and programme by April 30.

Discussions on the allocations of constituencies to be contested in the next general elections are continuing, he said.

Mr. Raphael added: "Despite whatever might be said to the contrary, NAR is alive and kicking and this will be amply demonstrated whenever the next general elections take place."

Tapia Reservations

Port-of-Spain EXPRESS in English 21 Mar 85 p 3

[Text]

A FORMER member of the Tapia House Movement said yesterday that the National Alliance for Reconstruction has reached its "optimum potential."

Speaking at a news conference yesterday, Peter Fung Kee Fung, who said he was in the forefront of bringing the NAR to where it is, said the NAR could not "clinch its cohesiveness" in that it was unable to choose a leader.

With Fung Kee Fung were two other ex-Tapia members, Michael Anthony Harris and Christian Lasalle. The trio called the conference to announce a meeting on Sunday at the Queen's Park Savannah which will raise political issues aimed at "creating a platform for insight and understanding for society."

They insisted there was no attempt to form another political party ("the country

already has enough political parties") but their aim was to raise the awareness of the public.

A 10-point plan of action for economic revival will also be presented as part of their "guidelines for the further evolution of the political system."

Stressing that he was not interested in breaking up the NAR, Fung Kee Fung said the problem with present leadership was that parties think they are still operating in the 1970s.

"Panday (Opposition leader Basdeo Panday) is the real leader of the NAR," Fung Kee Fung said, adding that Karl Hudson-Phillips, political leader of the Organisation for National Reconstruction, and A.N.R. Robinson, leader of the Democratic Action Congress, did not command as wide a following as Panday.

Fung Kee Fung also said that the Peo-

ple's National Movement was no longer a national party but that its strength lay in its centralised control of the state.

He said that there should be open competition for leadership, such as occurs in American politics.

In outlining this country's political history after 1955, the trio noted that various political parties emerged, representing sectional interests within the society.

"This was a valid and necessary stage in the evolution of our political system. That process has been developed to its fullest potential and the time has come for the nation as a whole to enter another stage," the prepared statement said.

It added: "The country is now placed to clinch national unity and use this as the bedrock for restoring our integrity and our economic viability."

Criticism of Tapia Defectors

Port-of-Spain SUNDAY EXPRESS in English 24 Mar 85 p 3

[Text]

LLOYD BEST, founder and former leader of the Tapia House Movement, will be returning to Trinidad later this year, the political party's secretary, Lloyd Taylor, said yesterday in a statement strongly critical of three Tapia members who broke ranks with the party last week.

Stating that the party has not been diverted from the task of erecting a viable and electable political alternative, Taylor said: "Any suspicions to the contrary that the recent resignations may have encouraged us to hold are entirely ill-founded."

"Tapia," he said, "continues to steer clear of those half-baked intellectual theorisings that mistake infantile political theatrics for decisive and constructive interventions; knowing that those of us responsible for the fortunes of the party continue to hold the centre up."

But the events were not to be dismissed. "It

is to be expected," he said, "in a situation of social and political uncertainty and impending economic collapse, the wildest of the political tendencies must inevitably rush the spotlight, abandoning patient building."

This, he said, was the civil manifestation of the National Union of Freedom Fighters (NUFF), equally well-intentioned, only less innocent and less idealistic.

"The scenario we are therefore witnessing is a parade of the anxieties of a less than handful of callow fellows, would-be politicians, misfits and mystics, all of whom suffer from delusions of grandeur, overweening ambitions and unbridled impatience."

"Driven," Taylor added, "by the urge to martyrdom these would-be Rasputins are about to engage the most jejune attempts to fashion a new political instrument by literally flinging themselves into the political vacuum."

The party's secretary

made it clear he had never resigned his post. Neither had the other Harrises (Michael Bernard Harris and Alan Harris), he said.

Stating that the Harrises were not to be associated with the present obfuscations, Taylor told the *Sunday Express*: "At the time of resignation, the former treasurer, Carlton Peter Fung Kee Fung was, by Executive decision, not the acting treasurer of the party."

He added, however: "In due course, a proper and exact amount of these developments, together with an assessment of their significance for Tapia, the National Alliance for Reconstruction and for those in charge of State-power, would be made public."

The three ex-Tapia members plan to hold a meeting at the Queen's Park Savannah this afternoon.

Tapia's Commitment

Port-of-Spain TRINIDAD GUARDIAN in English 27 Mar 85 p 1

[Text] The Tapia House Movement, following a special meeting by its Council of Representatives, has started the party is more alive than ever to the possibilities for constructive change and it can only regret that a few of its former colleagues sought to discredit what was achieved.

In a statement issued after the Monday, March 25 meeting, the Council admitted there were limitations in what was achieved but questioned why anyone would suppose that its progress has come to a halt.

"The interests of the people of Trinidad and Tobago will not be served by raising false alarms and by going off on quixotic adventures." the Council charged. "Despite Tapia's unassailable commitment to democracy within our party, in the National Alliance for Reconstruction and in the country at large, our tolerance of individual initiative and conscientious dissent cannot be stretched to include approval of immature adventurism and shameless promotion."

Tapia reaffirmed its commitment for forging a valid political instrument to satisfy the needs of the vast majority of the people for a "solid, sensible, and sane alternative" to the ruling party.

"In the weeks and months ahead, we in Tapia will redouble our efforts to achieve so worthwhile a goal," the Council suggested. "If there is any lesson in recent events, it is that there is greater need for debate and dialogue on the whole range of pressing national issues."

CSO: 3298/540

TRINIDAD AND TOBAGO

HUDSON-PHILLIPS ISSUES ELECTION CAMPAIGN CALL ON ONR

Port-of-Spain TRINIDAD GUARDIAN in English 27 Mar 85 p 3

[Text] ONR political leader Karl Hudson-Phillips has called on the ONR to clear its decks and take to the road for the general elections campaign. Speaking at an extraordinary meeting of the Diego Martin Central constituency, Mr. Hudson-Phillips told members that the economic state of the country would be the most important single factor affecting the political scene during the 1985-86 period.

"People are now convinced that the question of electing a government is more than just sentiment. It is a question of electing a government that can manage the country for the benefit of all," he said.

He pointed to the dramatic decline in the country's reserves. In March 1981 when the late Dr. Williams died, the reserves stood at \$8 billion, he said. In the Budget Speech on January 9, the present Prime Minister admitted that the reserves had fallen dramatically to \$3.037 billion which, he said was equivalent to eight months' payments for imports a drop of \$5 billion in 4 years.

However, as at March, two months after the Budget speech--the reserves had fallen by almost a further \$1 billion to \$2.3 billion. This meant that as of that date the reserves were equivalent to only six months' payments for imports. A scandalous record by any standards, he added.

He said that when one considered the total public debt and the borrowings projected by the Government for 1985, it was clear that the Government was putting the country in a state of bankruptcy.

Asked by a member of the audience why he had maintained such a low profile during the last three months, Mr. Hudson-Phillips said: "There is a time to keep silence and a time to speak. The population had now realised by itself that the present administration must go."

Asked what he meant by "clearing the decks", Mr. Hudson-Phillips said that the ONR had achieved what no other party had achieved in the political history of Trinidad and Tobago. A lot of people thought that after the last general elections the ONR would have disappeared. "But we are still alive and kicking" that fact alone is an indication that the ONR is here to stay. What we now have to do is hit the road and mobilise the population for the badly-needed change. this will require all hands on board."

3 May 1985

TRINIDAD AND TOBAGO

DEWD WORKERS STAGE PROTEST, GO ON RAMPAGE AT NUGFW

Incident With Chambers' Car

Port-of-Spain EXPRESS in English 22 Mar 85 p 1

[Article by Irma Rambaran]

[Text] Members of the Tactical Squad were called out when workers of the Development and Environmental Works Division attempted to block the car carrying Prime Minister George Chambers out of Whitehall yesterday.

Some 2,000 workers had gathered in the Queen's Park Savannah, opposite the Prime Minister's office where Cabinet was in session, to protest the delay in opening the 1985 DEWD programme and to call for a resumption of the "10 days" programme.

Around midday, as Cabinet ministers made their way out of Whitehall, the workers positioned themselves in line with the gate where the ministers were leaving, hoping to see either Minister of Works, Maintenance and Drainage, Hugh Francis, or the Prime Minister.

The workers did not notice Francis' car (because of a tint on the windscreen) until it had cleared the driveway and to shouts of "Francis, Francis" the minister smiled and waved to the workers as he left Whitehall.

When Chambers' car appeared, they rushed out from the pavement into the road in an attempt to block him, but the car sped off before they could reach it.

The incident brought out members of the Tactical Unit who were in Stollmeyer's Castle next to Whitehall and 10 officers armed with batons formed a line in front of the demonstrators.

While all this was taking place, a delegation of workers, headed by Jimmy Singh of the DEWD Workers National Committee, was attempting to fix an appointment with Chambers.

They met with grievance officer Everton Smith, but according to Singh: "We knew we would not get anywhere with him so we asked to speak with Chambers. He is the only one who can tell us what is going on."

Singh said the solution to the problem in DEWD (which has been allocated just \$120 million as opposed to last year's figure of more than \$180 million) was to "shut down ISCOTT and don't pay Texaco."

The National Union of Government and Federated Workers was recently presented with eight potential programmes and was told by the Ministry of Workers that it would be informed about Cabinet's decision shortly.

But union officials said they have been unable to get in touch with ministry officials.

A delegation is expected to meet with Permanent Secretary in the Ministry of Finance, Frank Barsotti, this morning following which workers will assemble in Woodford Square for an update on the situation.

Violence at Plaza, NUGFW Headquarters

Port-of-Spain EXPRESS in English 27 Mar 85 p 1

[Article by Irma Rambaran]

[Text] Rampaging workers of the Development and Environmental Works Division went on a violence spree yesterday, causing considerable damage to Riverside Plaza and the headquarters of the National Union of Government and Federated Workers.

The workers stormed Riverside Plaza, smashed the front enquiry desk and damaged a sign. They tried to force their way through a door which led to the upper levels of the ministry, banged on the elevator doors and attempted to damage the ministry's PBX telephone system.

The violent outburst, which brought out members of the Tactical Squad, was the second within a few hours yesterday as the workers protested the 1985 DEWD programme.

Under the new programme, workers with less than 10 years' service will have to work 10 days per fortnight every other fortnight instead of the regular 10 days each fortnight.

Earlier, the workers stormed the NUGFW's headquarters on Henry Street, smashing chairs, overturning tables and damaging the union's PBX telephone system.

The angry workers said they were protesting the union's handling of discussions with the Ministry of Works for the implementation of the programme.

Led by the National DEWD Workers Committee, workers charged that the union had not acted in the best interest of the workers and had allowed the ministry to implement the programme without giving proper representation to the workers.

Senator Nathaniel Crichlow, president general of NUGFW, said he could not comment on the incident since he did not know anything about it.

Protest action by the workers began at 7 a.m. at DEWD's Sea Lots headquarters where they stood around waiting for the arrival of DEWD officials to relate their problems.

After a 2-1/2-hour wait, when the officials failed to turn up, they decided to march to the NUGFW's headquarters. They were escorted through the streets of Port of Spain by policemen on horseback to the headquarters on upper Henry Street.

There they forced the office staff out of the building and moved through the offices, overturning desks, throwing down typewriters and smashing chairs against desks and walls.

The union's PBX system was also damaged and callers were unable to get through to the union officers.

Jimmy Singh, chairman of the committee said the violence at the union's headquarters was "the result of pent up frustration" by the workers who could not survive on 10 days work per month.

Leaving the NUGFW, the workers marched to the Ministry of Labour at Riverside Plaza where violence again erupted, forcing armed policemen to guard the doors, and persons with business at the ministry had difficulty in entering the building.

Committee members eventually met with the new Labour Minister John Donaldson.

According to Singh, they were told by Donaldson that an official of the NUGFW should be contacted and asked to report the matter as a labour dispute to the ministry. A meeting has also been scheduled for 9 a.m. today with Minister of Works, Maintenance and Drainage Hugh Francis.

Checks with the police revealed that no arrests had been made.

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TRINIDAD AND TOBAGO

OWTU EXECUTIVE OFFICERS BEGIN NEW 3-YEAR TERM

Port-of-Spain TRINIDAD GUARDIAN in English 26 Mar 85 p 14

[Text]

SAN FERNANDO:
NEWLY-ELECTED
executive officers of the Oilfields Workers Trade Union, who were nominated unopposed last month, will start their new three-year term from today.

Mr. George Weekes, president general, who will complete 23 years at the end of this year as leader of the union, congratulated the 18,000-strong membership for their confidence in returning the entire executive unopposed.

One of the priorities for 1985 will be to communicate with the Industrial Court, seeking to have the judgment handed down on the recognition issue at Amoco Trinidad Oil Company, which is over one year outstanding.

The union is seeking to represent the hourly and weekly paid workers of

Amoco, as their bargaining body. Amoco is the only oil company operating in the country, where the OWTU has not got recognition.

In a recent announcement, Mr. Weekes said that they would also move to settle all wage contracts on behalf of members of the union in particular with the oil companies.

NEGOTIATIONS

Further, the referendum which was due to take place yesterday will now be held on April 15, and this will be for all financial oilworkers of the union who will decide on a course of action to be taken to have their wage negotiations settled.

The ballot will be either for a one-day general strike or a mass demonstration.

Top officers who will be serving another term include Mr. Errol McLeod, first vice president; Mr. Doodnath Maharaj, general secretary and Mr. David Abdulah, treasurer and education and research officer.

CSO: 3298/540

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TRINIDAD AND TOBAGO

DEVELOPMENTS INVOLVING NEW WORKING PEOPLE'S PARTY CITED

Statement of Principles

Port-of-Spain TRINIDAD GUARDIAN in English 20 Mar 85 p 22

[Text] This resolution and statement of principles were adopted at a meeting of the political arm of Calaloux Research Associations on 11 October 1984 at the Tacarigua Community Centre. It is reproduced here for public discussion from January to March 1985.

The public is invited to form committees to discuss these ideas. All comments are welcome.

Resolution

Whereas: The social and economic fabric of our society has degenerated to a new low; and

Whereas: the society has reached a new stage of social development; and

Whereas: the people of Trinidad and Tobago are crying out for a new social order to deal with their problems; and

Whereas: we see evidence of so much grief, graft, and corruption in and outside of the government; and

Whereas: we see so much spiritual wickedness in high and low places; and

Whereas: we see the gradual impoverishment of working people, poor people, the elderly, and the disenfranchised; and

Whereas: we see so much inefficiency in and outside of the government; and

Whereas: our resources are being increasingly exploited by the few privileged members of our society; and

Whereas: we see such blatant disregard for the general social and cultural welfare of all of the people of Trinidad and Tobago; and

Whereas: we see a new system of wage slavery being reintroduced in Trinidad and Tobago; and

Whereas: we see a society that is lost and without direction;

Resolved: that a new party be created to represent the interests of the working people, the poor, the elderly, the young, and the disenfranchised of our society so as to create a new basis for social, economic, and cultural development; a new climate of genuine equality and fairness; a higher standard of moral behavior; and a quest for excellence in all fields of endeavor based on the following *Statement of Principles* put forward for the consideration of the people of Trinidad and Tobago.

Statement of Principles*(The twenty-nine points of survival)***Objective**

1. The creation of a just and moral society.

Social, Spiritual, and Cultural Development

2. The establishment of a society in which there is genuine equality and social justice; in which one is rewarded for *what one knows and does* rather than *who one knows*; in which one is respected for the quality of one's *virtues and intellect* rather than the amount of material goods one possesses. A society should be measured by the quality of its mind and spirit, both individual and collective, and the positions that it enunciates and practices.

3. The promotion and development of the social and cultural lives of our people as opposed to the current emphasis on acquisition of things *qua* things. The biblical admonishment that "man shall not live by bread alone" still remains true in the 1980s.

A Socialist Self-Managed Society

4. The establishment of a socialist society that is self-managed, self-responsible, and self-respecting. Socialism, genuinely practiced, is not inconsistent with nor contrary to democracy: that is, individual and civil liberties, a genuinely free press, and the right of citizens to disagree with government. Constructive opposition is the *sine qua non* of any democracy.

Rich and Poor

5. The major problem in our society revolves around the distinction between those who have and those who do not have and are becoming increasingly impoverished and pauperized.

Working People's Control and Philosophy

6. The control by the society's working people of the means of production and the establishment of a genuinely working people's philosophy that speaks to and reflects their specific historical and cultural needs.

Interracial Harmony

7. The creation of a truly interracial society, recognizing that the creation of a socialist self-managed society is the only and necessary prerequisite for the establishment of interracial unity. Arduous work and a free and frank discussion of the differences and similarities of our peoples are the only means through which we can structure a national (or nationalities) program to achieve this goal.

The Importance of the Family

8. Because the Working People's Party sees the family as the fundamental unit of the society, it pledges itself to provide all manner of social, legal, and economic protection to ensure the fullest development of the family. Special attention must be given to the care of mothers and children, regardless of their marital status and family relations, for they have a right to appropriate social and economic protection. The Working People's Party pledges itself to do all in its power to assist and strengthen the family unit, particularly in this age of tension, strains, and mutual suspicions. No serious government can be unmindful of the needs of its families, particularly those at the bottom of the social and economic ladder.

Elected and Delegational System

9. The establishment of a society in which all public officials in the legislative arm of the gov-

ernment are elected directly by the people. Specifically, we call for the elimination of the office of the President and the Senate. We call for the establishment of an elected and delegational system of representation.

Local Organs of Community Power

10. Local organs of community power will play an especially important part in the construction of this new society. These community organs will be responsible for the complete control of their communities, including the power to raise taxes and to protect and regulate their social and economic environment.

Education

11. The Working People's Party advocates the development of an educational system designed to achieve a more humane society: one that respects and is respected by our children; one that is concerned about the public education of its adults and demands their input into public policy; one that speaks to and is fully integrated into the social, political, scientific, and cultural needs of our people. Any party that is concerned about the educational upliftment of its people, particularly in this Information Age, must commit itself to building a proper library system throughout the country. No society can achieve its fullest potential, particularly in this changing world, without access to information. There can be no greater need in the country at this time than to establish a proper library system. Only a people that is educated, both *academically and politically*; that perceives education as a life-giving force rather than a utilitarian device, can preserve its democratic institutions and protect itself from developing into a totalitarian state. Only a people who develops and uses its most precious resource—its human resource—can hope to compete successfully in the world of tomorrow. We commit ourselves to transforming the quality of our people's lives through the encouragement and the fostering of academic and political education.

Scientific Education

12. The Working People's Party actively promotes and encourages scientific education as a strategic means of overcoming economic and technological backwardness and preventing what one observer has called "scientific colonialism." Specifically, the society ought to target one or two specific research areas on the basis of national needs; create a critical group of scientists and technicians to sustain a significant national research effort; and attempt to link scientific research and teaching so as to cultivate sophisticated generation of researchers and technicians.

Culture

13. The Working People's Party sees culture, the creative consciousness of our people, and the formulation of a cultural policy as centrally re-

lated to the development of our new society and a force that must be used to transform the values of our society into more desirable social patterns of behavior. As a result, the Working People's Party shall endeavor to create a new cultural climate that conduces to a new cultural renaissance. The opening up of the state to the influences of the fine arts, theater, literature, and cultural criticism and the expansion and mobilization of our cultural institutions, including our theaters, museums, art galleries, archives, publishing houses, and libraries, to serve in the articulation and definition of national purpose are central to the development of a self-managed and self-responsible society. Further, the Working People's Party will strive to create and cultivate an understanding that culture transcends the traditional branches of art and thus must be identified with creative manifestations in physical labor, politics, social life, education, science, and the solution of social problems. Necessarily, increased assistance to and a new emphasis on culture and its varied manifestations must become central to and consistent with our new stage of social development.

National Service

14. The creation of a system of national service in which all youths between the ages of 18 to 20 will serve for two years. In this program, the youths will be made to understand the goals of the nation, to render public service to the larger community, and to be instilled with a sense of national pride, purpose, and direction. Such a program requires coordination of the political, economic, educational, and cultural policies of the state under some central direction.

The Role of Women

15. The promulgation of the principle that women should be allowed to realize their fullest potential and humanity by encouraging them to participate in a meaningful manner toward the creation of a just and moral society. For much too long our women's specific goals have not been clearly delineated. The need to build a strong women's movement is imperative at this time of our history, or her-story.

The Well-Being of Our Elderly Citizens

16. The Working People's Party recognizes its special responsibility to the elderly and acknowledges their generosity in serving us for so long and so hard. Only a socialist self-managed society can defend this vulnerable group of citizens. Only a social order that is committed to such goals as stable food prices and rents as a percentage of one's income can guarantee the comfort and well-being of its elderly.

Our Obligations to the Physically and Mentally Disabled

17. The Working People's Party recognizes its

obligations to physically and mentally disabled persons and pledges to take responsibility for providing them with training facilities, including, where necessary, specialized institutions for their care and protection.

The Right to Work

18. Full employment for all as a basic human right and the establishment of the right to work as a basic principle of the society. We in the Working People's Party see work, or a person's labor, as a prerequisite for the preservation of one's dignity and the fulfillment of one's personhood. Serious attention ought to be given to the sense of alienation that is developing between people and their labor.

Workers' Attitudes and Professionalism

19. Any serious working people's movement must be concerned about the attitudes and professionalism of many workers in Trinidad and Tobago. When workers are alienated from their labor and do not know *why* they work or *the nature of the collective effort*, attitudes of disinterest, laziness, and a downright disgust for labor arise. Only in a self-managed society where workers control and manage the fruits of their labor can better attitudes toward work be fostered.

Food Importation Board

20. The Working People's Party of Trinidad and Tobago advocates the creation of a Food Importation Board that would be responsible for the importation of food, haberdasheries, electrical appliances, and the like, into the country. As long as a group of middle men control the importation of basic commodities and appliances, the cost of living will be twice as high as it ought to be. Only a Food Importation Board that places the interests of the *whole people* before the *special* interest of the few can combat successfully the growing exploitation of the many.

Land Use

21. The promulgation of the principle that land ought not to be bought nor sold but used and preserved for future generations. The Working People's Party will work toward a policy whereby no individual or corporation will own more than ten acres of land. Land use should be regulated so that all citizens have the right to use, enjoy, and protect the land of our fathers and mothers. Moreover, individuals or their families ought to pay no more than 10 to 15 percent of their disposable income toward rent or mortgage.

Environmental Protection

22. A commitment to preserve an environment that is clean, pollution free, and beautiful. We are not the last generation to be born in Trinidad and Tobago and thus we should leave our environment much better than we found it.

Mass Communication

23. Recognizing the importance of mass communications and the central role it plays in the development of people's lives, we reject the view that the mass media should be placed in the hands of and at the service of narrow, sectarian interests. We recognize that *information* can easily be corrupted into half-truths and falsehoods and *persuasion* into manipulation and propaganda. We believe that mass media should function as an agent of social change and that careful consideration should be given to the contents of information, presenting accurate and balanced facts and images, providing an adequate infrastructure for news, and providing proper training for those in the media and the careful scrutiny of the rights and responsibilities of journalists and organizations engaged in news gathering. Mass media should be controlled by the many rather than the few and special assistance given to encourage journals, periodicals, newspapers, radio and television programs that deal with social, cultural, literary, sporting, scientific information, and education. The Working People's Party supports the New World Information Order.

Moral and Spiritual Excellence

24. To rally and to inspire all members of our society toward moral and spiritual excellence, to create an awareness for just ownership, and to challenge our people to use their resources for the common good. A society ought not to strive toward the creation of millionaires, but toward a system of social and economic justice in which the individual is allowed to realize his or her fullest potential.

The Law of "Inexplicable Riches"

25. The establishment of the law of "inexplicable riches." Anyone, particularly those who hold public trust, who cannot explain how they came by their wealth should have such wealth confiscated and be jailed for fourteen years.

Health Care

26. To work toward the development of a health care system based on the prevention of diseases rather than their cure. As such, preventive medicine (that is, an emphasis on exercise, proper diet, and medical research) will be encouraged rather than the expenditure of enormous sums on unnecessary medical treatment. There is no reason why a serious biotechnological research effort in the area of medicine cannot be integrated into the Mt. Hope Medical Complex. The creation of a proper and efficient health care delivery system in which the *care of the patient* rather than the *amount of money a physician makes* will be the primary goal of our new society. The creation of a drug-free society is a very important goal of our health system.

A Critical and Constructive Approach to Foreign Policy

27. Recognizing the specific geopolitical situation in our country, the Working People's Party supports the genuine popular struggles of all oppressed peoples to control their destinies (that is, their right to self-determination) and the principles of the United Nations and the nonaligned nations. More important, we intend to be critical, in a constructive manner, of the processes of social transformation. We are not to be presumed to be automatically in one camp or the other even though we support and intend to practice the principles of a socialist self-managed democracy. We treat each international issue on its merit and choose our friends according to their interests and the overall development of a socialist world.

The Trinidadian and Tobagonian Person

28. The full development of our people's talents and abilities and the attempt to organize and to understand what constitutes a Trinidadian and Tobagonian will occupy an important part in our social, cultural, and political programs. No greater challenge faces the people of Trinidad and Tobago today than the challenge to make a homogeneous nation out of the heterogeneous mixture of peoples who now live in our land. Loyalty to our nation, inspiration and pride in our own, and genuine respect for all that is ours are the most important *national work* facing our nation for the rest of the century. Only from this ground can all other blessings flow. Only through the creation of a genuinely collective working peoples organization can *national recognizance* begin. *We will be a great nation one day.*

Present and Future Tasks

29. The creation of a genuinely and totally independent nation in the spheres of politics, economics, and social and cultural affairs. To do this, we intend to heighten the bond of national and political consciousness among our peoples, to combat all manifestations of racism, colonial residues, and religious bigotry, and to unite the working people into a vanguard party capable of building a nonexploitative society based on the theory and practice of socialist self-management,

The Social Challenge

It is only through the development of a genuine collective ethos, based on the interest and respect of the laboring class, that the business of nation building can begin. The *swashbuckling amorality* and the *rapacious tendencies* of the boom years, accompanied as they were by the outrageous rhetoric of badjohnism and bad taste, must now give way to a serious and disciplined discourse accompanied by introspection and humility about *where* we wish to go and *how* do we wish to get there; *how* we intend to position our nation on the eve of the 21st century; and *what* legacies we ex-

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pect to leave for those who come after us. National service, love of country, pride in our work, professionalism, seriousness, moral and spiritual excellence, must become the hallmarks of our society. As a nation sows so shall it reap, and as it lives so shall it die. As Mahatma Gandhi warned in his autobiography: "The law of karma is inexorable and impossible of evasion" (*The Story of My Experiments with Truth*, p. 215).

More than ever, we ought to be glad that we have the opportunity to serve and to transform our nation. To do so, we must not be afraid to challenge existing systems of injustice and exploitation, for as the biblical text warned: "Be not conformed to this world: but be ye transformed by the renewing of your mind" (Romans 12:2). Life is a constant process of reflection and action and, as the theologians of liberation have reminded us, one must participate in the social transformation of one's environment. To be indifferent to the life-threatening issues challenging our nation today is to be guilty of the most heinous national crime. One cannot be indifferent to the social chaos and moral looseness that grip our lives today. One is either a part of the problem or a part of the solution. Only one's behavior and commitment can tell us on what side one stands.

What we need today and what the Working People's Party presents is a challenge to reflect critically upon our historical praxis and to commit ourselves to become active participants in the transformation of our society. Such reflection and practice can occur only if we bring to our analysis a specific vision of the world. The emergence of the Working People's Party represents the logical

culmination of the socio-historical forces of our society. We must not mistake the transient condition of a given era as the permanent condition of our social life. We have arrived at a new stage of social development: an age in which the aspirations of the common, working people must prevail. For us in the Working People's Party, the basis of any serious reflection or praxis is the interests of the working people of our society. All political power has a social base and thus we locate our political theory and practice in the aims and aspirations of the working people of our society.

A statement of principles, of necessity, must remain incomplete until our people have cogitated upon it, dissected it, and then accepted or rejected it. A working people's party can neither create nor manufacture an ideology. It merely elaborates and systematizes the experiences of working people and seeks collectively to arrive at the fullest elaboration and systematization of our condition in this land. In short, these ideas are put forward for discussion and rectification. We challenge our society to use this statement of principles as a basis of critical reflection and an avenue to serious practice. In the final analysis it is the generous benevolence of spirit, the capacity for creativity and ingenuity, and the desire for equality and justice that make the working people the genuine reflectors of our national character. Only upon this foundation can we build a stronger nation. "Individually we cannot always be correct, but collectively, with faith in God, ourselves, our nation, and our future, we can make Trinidad and Tobago a great society again." (Selwyn R. Cudjoe, *A Just and Moral Society*, p. 22).

Cudjoe Campaign Kickoff

Port-of-Spain TRINIDAD GUARDIAN in English 27 Mar 85 p 3

[Article by Kit Roxburgh]

[Text] City Hall in Port-of-Spain rang with condemnations of the present political system, the "cowardice" of average citizens and a detailed exhortation for the population to go towards socialism on Monday night as the newly-formed Working People's Party began its campaign in earnest.

Party leader Dr. Selwyn Cudjoe said that the meeting was meant to debate the recently-published statement of principles of the WPP, which claims to contain 29 points of survival for the country.

According to Dr. Cudjoe at present there is a system of mono-capitalistic power in the country, which is against working people.

There could only be one alternative to this capitalism, he said repeatedly: Socialism.

"We do not have to quibble about what form of socialism," said Dr. Cudjoe who told the audience at City Hall that he had taught Marxism for several years at Harvard University in the United States.

He said that there was simply no other alternative for the country--and proceeded to castigate the People's National Movement. The Organisation for National Reconstruction and other parties for not being conscious of what was taking place in the world today.

For instance, he said, Trinidad and Tobago would be at the helm of the United Nations Security Council by the middle of this year--yet the citizens had been deprived of a clue about what socialism meant.

"How can we be debating with powerful countries that are socialist, without enabling our nation to know about socialism? he asked. Explaining the meaning of the Working People's Party title, Dr. Cudjoe said that it did not only entail people working for a wage.

"Housewives do not get a wage--but they are among the hardest workers in any State. They are among the people the party cares about," he said.

"Because a citizen is presently unemployed, it does not mean that he or she is not a working person. It simply means that a worker is at one time without a job--but that person is a worker".

Dr. Cudjoe said that the party planned control of factories and Government organisations by workers, from the issues of promotion to appointment of directors, to use of profits.

"The owners of capital, such as private entrepreneurs and Government are not well equipped to serve the nation's interest," he added.

After welcoming some members of the Organisation for National Reconstruction (ONR) to the meeting, he condemned that party, saying that their stand on "a policy of conscience" could never make sense.

South Africa's Pik Botha, warring Middle Easterners who killed infants, big country leaders who throttled small ones--they all believed that their consciences were rightly guiding them he stressed, to some applause from the 100--plus people of the audience.

Dr. Cudjoe, whose wife opened and closed the meeting with prayers, said that what the nation badly needed was a sense of responsibility.

He mentioned teachers who had been parading for more money without regard for their students' welfare.

He was applauded as he stated strongly that the country did not need a President nor a Senate.

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Election Victory Prediction

Port-of-Spain EXPRESS in English 27 Mar 85 p 64

[Text] "We are working towards the 1986 general election and we will win it," says Dr Selwyn Cudjoe, who is associated with the new Working People's Party of Trinidad and Tobago. "We are the only substantive alternative to the People's National Movement."

Dr Cudjoe was talking to the Express yesterday in the aftermath of a public lecture he delivered at the Port of Spain City Hall on Monday evening titled Why a Working People's Party is Needed. The lecture was, according to Dr. Cudjoe, attended by some 200 people.

In the lecture, Cudjoe outlined the history of social and political development in Trinidad and Tobago this century and then dealt with the situation and political alternatives as they exist at present, in order to show that the country has reached a crossroads and needs new direction.

He explained why no party has yet been able to dislodge the PNM.

"In my humble opinion, most of these parties have lost because they have been unable to offer a fundamental alternative to the PNM and so the PNM has continued along, unobtrusively, almost unmindful of the opposition."

Cudjoe dismissed both the ONR and the National Alliance as possible alternatives to the PNM, saying that the "politics of conscience" of the one meant nothing since it is a subjective assessment that varies from place to place, while the ideas of the other, representing mainly rural East Indians, are meaningless statements of the obvious, which provide inadequate mechanisms for implementation.

Cudjoe said what is practised by the PNM is state capitalism and not real control by the worker, which he advocates.

CSO: 3298/539

TRINIDAD AND TOBAGO

SECURITY MINISTER DENIES STORY OF POLICE INTERNAL PROBE

Port-of-Spain EXPRESS in English 22 Mar 85 p 1

[Article by Tysley Durham]

[Text]

NATIONAL Security Minister Overand Padmore yesterday denied that an investigation was launched by his ministry which would bring about a call for the resignation of eight First Division and 23 Second Division officers in the Police Service.

Padmore made the denial during the sitting of the House of Representatives and, responding to a direct question after, said he was unaware that an interim report has been submitted to Cabinet by the Commission of Inquiry into Drug Abuse.

"I am not aware of that," Padmore said.

The minister, who it was reported declined to comment on the matter, said it was impossible for him to do so since he did not speak with the reporter.

Padmore said he knew of no investigation which was launched by his ministry, and since he had only recently become National Security Minister, he inquired of his permanent secretary Leo Seebaran who told him the ministry

had launched no such investigation.

He said he also inquired of the acting Commissioner of Police Clive Sealy who, in a response contained in a memorandum dated March 21, said there was "absolutely no foundation" in the report.

The acting commissioner added in his memo that no authority had been given to the Internal Investigations Department to carry out an investigation into complaints against members of the Service.

Sealy added that he was "quite aware of his authority" in the Service and will act only in accordance with the 1966 Police Service Commission regulations, "unless otherwise directed."

Speaking about the report that Deputy Commissioner and Special Branch head Lance Selman was earmarked for the post of Commissioner, with Sealy going as adviser to the National Security Ministry, Padmore said he was informed by his secretary that the EXPRESS reporter sought to have an interview with him.

He said his secretary "explained" that he had only recently taken up office and was unable to give an interview.

CSO: 3298/541

TRINIDAD AND TOBAGO

TOBAGO WEEKLY TO RESUME PUBLICATION; AIMS OUTLINED

Port-of-Spain TRINIDAD GUARDIAN in English 27 Mar 85 p 6

[Text]

THE "Tobago Times" weekly newspaper will resume publication on April 5, publisher Lennox Renwick announced yesterday.

The newspaper has not appeared since Carnival. Mr. Renwick blamed an impasse in the management and operations of the weekly which has had 30 issues to date.

He said that since its beginning on May 11, 1984, the company's position has been to provide a forum for social and economic activities in Tobago.

Other goals were to inform readers of programmes which influence their lives, develop possibilities for raising the education standard in Tobago, and focus attention on activities which promote and encourage interracial understanding. The weekly also set out to assist in promotion of trade fairs, exhibitions, shows, award schemes and sporting activity in which the interests of the people of Tobago could be well served.

Other aims were to help foster better communications and relationships between the peoples of Trinidad and Tobago, and to develop a deep sense of national commitment in the minds of Tobagonians, especially youths.

He said strong efforts were made to achieve these objectives despite efforts to operate against the overriding principle behind the operations.

Mr. Renwick said damaging letters were sent to businesses associated with the weekly paper. When these efforts failed, efforts were made to cut off financial assistance and arrangements were made for a takeover of the newspaper by a local publishing company.

"It is evident," Mr. Renwick said, "that this group is working against the best interests of Tobagonians. For the past four weeks the publisher has been involved in consultations with his legal advisers and the possibility of legal action exists but the continuation of the paper is of prime importance."

He announced that from April 5 Tobagonians will once more receive their weekly newspaper regularly. He asked readers to contact him at 639-2952 for further information.

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TRINIDAD AND TOBAGO

BRIEFS

LABOR-CHAMBERS MEETING--San Fernando: The Labour Congress is seeking an urgent meeting with Prime Minister George Chambers to discuss requests to have State-owned Caroni Limited withdraw its appeal in the sugar union dispute. Congress wants the Company to pay the 10,000 plus sugar workers the \$147 million awarded by the Industrial Court last January 25, regarding increases in wages and cost of living allowance. The Labour Congress met on Sunday and discussed a letter it received from Minister of State Enterprises, Mr. Ronald Williams. According to a Congress spokesman, the Minister said he was happy if the All Trinidad Sugar and General Workers Trade Union and Caroni Ltd. could meet to discuss the issues. Congress noted that the Minister did not direct the company to withdraw the appeal. Because of this, Congress decided to write the Prime Minister requesting a meeting. Caroni Ltd. has appealed the judgment of the court which calls for the payment of \$147 million to the workers. [Excerpt] [Port-of-Spain TRINIDAD GUARDIAN in English 20 Mar 85 p 7]

TOBAGO CEMENT SHIPMENTS--The Port Authority has advised Trinidad Cement Limited that it has taken the Scarlet Ibis off the Tobago run and is no longer able to offer a marine transportat-on service for bagged cement, from Claxton Bay to Scarborough. As a result, TCL officials told the Guardian yesterday, the company's supply operation to Tobago has moved into a serious loss position. This is because bagged cement must now be brought in from Arawak Cement in Barbados, whose supplies attract the recently imposed 12 per cent stamp duty. Because TCL is required to supply both Trinidad and Tobago at prices fixed by Government, it is forced to bear with the Tobago losses until a feasible alternative carrier comes forward to handle the shuttle between Claxton Bay and the sister isle. General Manager Carroll Robinson of Trinidad Cement yesterday explained that the company cannot afford to pay the cost for transporting cement by road from Claxton Bay to Port-of-Spain, and then by regular inter-island service to Tobago, as the loss position would deteriorate further. He also ruled out TCL's getting into the shipping business since the company has defined its areas of competence as those of manufacturing and marketing. Transportation to and from Tobago is vested in the Port Authority to operate the government shipping service as agents of the state. [Excerpt] [Port-of-Spain TRINIDAD GUARDIAN in English 21 Mar 85 p 1]

DEFENSE FORCE EXERCISE--First Battalion of the Trinidad and Tobago Regiment participating in "war games" in the Cedros area. According to Major Horace Grannum, Public Relations Officer of the Defence Force, the purpose of the

Programme was to exercise all ranks in their duties in the field, as well as to determine the Force's ability to coordinate its administrative and logistics support. In the past, simulated battalion exercises were conducted but this is the first time that the entire battalion (including its own headquarters) is being exercised on the field. He added: "Although this exercise is being conducted in the Cedros area, the entire village will be avoided. "It will in no way interfere with the day to day activities of the villagers." The exercise takes in defence, attack, advance to contact and internal security duties. Picture shows soldiers rescuing a "wounded comrade" from a river after an enemy attack. [Photo caption] [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 28 Mar 85 p 1]

FISH IMPORT DUTY--Fishermen from Grenada and St Vincent, landing their catch in Tobago, are being charged the 12 per cent import stamp duty by the Customs Department. On the other hand, complained Tobago businessman Allan Scott, saltfish or cod fish from metropolitan countries is allowed into the country free of the 12 per cent imposition. This, said Scott, was patently unfair and resulted in fresh fish reaching the Tobago consumer at a \$1 a pound higher than it used to. Scott registered the complaint at a meeting of businessmen at which an official from the Agricultural Development Bank spent Thursday and Friday in Tobago outlining the bank's new thrust into agro-industry. He said that "the discrimination against fresh fish" appeared to have been an oversight on the part of the authorities in exempting food items including saltfish from the 12 per cent stamp duty. [Excerpt] [Article by Compton Delph] [Port-of-Spain SUNDAY EXPRESS in English 24 Mar 85 p 3]

SEARCH FOR OIL RIG--Trinidad Tesoro's land exploration programme is now being shifted into high gear following the recent disastrous fire at one of its wells at Palo Seco in south Trinidad. The search is now on for a drilling rig with the capability to drill the remaining two exploratory wells in that project. The fire, earlier this month, completely destroyed the \$17 million rig owned by Well Services Limited. That rig was the largest portable land rig in the country. It was estimated that the search for such a rig could postpone the programme for as long as "four to five months." Said Tesoro's general manager Leonard Lewis: "Our first priority is to find a rig capable of doing the job at a reasonable price." According to Tesoro's in-house newspaper, Trinidad-Tesoro News, the fire was costly to the company. Said the News: "Several million dollars in drilling material and equipment were lost, millions of cubic metres of gas were flared and the loss in crude production due to the shutdown of several wells in the field during the fire is still being assessed." The company's current exploratory drilling programme on land entails the drilling of three wells. These were in Erin North, Palo Seco and the Fyzabad/Syncline areas. [Text] [Port-of-Spain EXPRESS in English 22 Mar 85 p 3]

VISA FOR BLACK POWER FIGURE--Port-of-Spain, 25 Mar (CANA)--Trinidadian-born Black Power figure, Kwame Ture, formerly Stokely Carmichael, is expected to pay his first visit to his birthplace in 33 years to see his ailing aunt, Louise de Souza, the GUARDIAN reported today. The paper said that the lifting of a 17-year-old entry ban on Carmichael will make the visit possible. Carmichael now resides in Guinea, West Africa, the paper said, from where he

travels to Washington to conduct lectures. The ban on Carmichael was lifted through negotiations between this country's government and the chairman of the U.S.-based lobby group for the Caribbean, Trinidadian Congressman Mervyn Dymally, the GUARDIAN said. [Excerpt] [Bridgetown CANA in English 1939 GMT 25 Mar 85 FL]

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VENEZUELA

ALVAREZ PAZ ON 1988 PRESIDENTIAL CANDIDACY, OTHER ISSUES

Caracas EL NACIONAL in Spanish 7 Mar 85 p D-2

[Report on interview with Oswaldo Alvarez Paz, by Mario Villegas; date and place not given]

[Text] Oswaldo Alvarez Paz guarantees that when the objective conditions exist in the country permitting his presidential aspirations and when he decides to be a candidate, no human force will hold him back.

On this matter, Alvarez Paz is categorical, although he feels neither predestined nor enlightened. He is not, he claims, fanatical about the presidential candidacy.

He believes that he is called a rightist because he is a man without anti-business complexes. But he considers himself to be a progressive because his proposals seek progress. Whatever the case, he cares little for labels. At least that is what sustains him.

COPEI Useful to Society

For Alvarez Paz, it is too early to bring up the matter of the candidacy, or at least active work aimed at gaining the presidential nomination. In his opinion, the COPEI [Social Christian Party] should make its decision on the candidacy at the end of 1987 or the beginning of 1988. He believes that between now and then, circumstances in the country may vary so much that what seems a good idea now may not be so tomorrow.

"To bind the COPEI to a candidacy at this time might be dangerous because we would leave many flanks uncovered for a very long time. A COPEI candidate in the street starting now could suffer unnecessary wear and tear and would simultaneously force the party, in its attempt to promote his name, to revolve around that person, neglecting tasks of organization, training, activism and attention to the general problems in the country which the party must carry out."

He is convinced that his obligation is to work with the greatest possible seriousness in two directions: the first, so that the average COPEI member may regain his faith in the possibilities of his own party and second, so that the country may regain confidence in the COPEI. But he observes that this will only be possible insofar as the COPEI legitimizes its aspiration to return to government "through its usefulness."

"In other words, it must once again become a useful tool for Venezuelan society. This society is not an abstract being, but rather, made up of persons, groups and intermediary organizations between the people and the government, with problems and legitimate interests to defend and they require a political instrument in order to fight."

"Do you then believe that the COPEI is not currently useful to society?"

"Not only the COPEI, but all parties, the COPEI included, have neglected their tasks in the community. Many political leaders have become persons as important in their parties as they are useless to society. Our parties have been growing inwardly, whence the massive rejection or lack of confidence in them with respect to political leadership."

No One To Stop Me

Alvarez Paz paused, reflected and added: "I have tried to have a decisive influence on the leadership of the party in order to follow a course in the appointed direction, and with relative success. They have not always understood my positions and there has often been lacking a decisiveness enabling the party to overcome the complexes and traumas, not of defeat, but originating our of the causes motivating the defeat.

"If no one wants to work in that direction, I shall continue to do so, setting a course and a path for the party. If that is good for a presidential candidacy, then very well; I shall accept it. If not, I shall continue to fight anyway."

The entire interview with Alvarez Paz had to do with the matter of the candidacy and more specifically, his presidential aspirations.

In answer to a new question, the Social Christian leader issued a clear warning:

"I am not fanatical about the presidential candidacy. I am neither predestined nor enlightened. But when the objective conditions exist so that I might have a presidential aspiration or possibility and if I decide to be a candidate, no human force will hold me back."

"In recent days, it has been said that you would soon launch your candidacy. Is that true?"

"There are people who have spoken to me about launching my candidacy once and for all. I do not want to authorize it because I thought it was premature."

Anti-Business Complexes

"Inside and outside the COPEI, it is said that yours would be a candidacy of the right. What are the reasons? Do you truly embody an option different from that of the Social Christians?"

"Ever since I was in the university, I have been called a rightist, when actually, only my adversaries on the left did so. I now have excellent personal and political relations with many of them. Now it seems that it is a few COPEI comrades who are going around saying these things. I presume they say so because I am a man without antibusiness complexes. I have said so and maintained this and I take advantage of this opportunity to confirm it once again."

Alvarez Paz believes that under the present circumstances, the only possibility Venezuela has of moving forward and fighting unemployment, increasing productivity and generating new sources of wealth for the people and the treasury "is by having full and complete confidence in the business sector and by creating a favorable political atmosphere for reviving the tendency to invest without any more interference than those established by the National Constitution and some special law which, in his opinion, should be passed on the basis of the type of economic system to be developed."

"The opposite model, if that is what they want to call of the left -- which it is not -- has probably failed," he said.

According to the leader from Zulia, his positions cannot be labeled in advance.

"That proposal is neither of the left nor of the right, although I do not care about labels. I believe that mine is a progressive proposal because it seeks progress by a path proven to be a success in many countries with as many or more problems as we have. What we must do is see that Venezuela, in its economic and financial activity, regains its common sense."

Caldera Would Have Support

"In COPEI circles, it is said that the support you have internally to win the candidacy is scanty and of little political skill. Is that true? What support do you have?"

"The support of the rank and file and of party leaders will only be counted through primary elections or in the presidential congress."

"What would happen if former President Rafael Caldera should again decide to run?"

"If Caldera decides to be a candidate, he will be the candidate. And he will have my firm support."

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VENEZUELA

RAUL HENRIQUEZ ELECTED PRESIDENT OF FEDEPETROL

Caracas EL DIARIO DE CARACAS in Spanish 24 Mar 85 p 28

[Article by Jose Suarez-Nunez]

[Text] Raul Henriquez was sworn in yesterday as president of FEDEPETROL [Federation of Petroleum Workers], after obtaining 101 votes, at an enthusiastic ceremony attended by 195 delegates from the 35 unions, the president of the CTV [Confederation of Venezuelan Workers], Juan Jose Delpino, and Manuel Penalver, secretary general of the AD [Democratic Action].

Sulpicio Ventura Quero, of list 3 of the COPEI [Social Christian Party], obtained 53 votes and Miguel Martinez, of list 2 of the MEP [People's Electoral Movement], had 40. A total of 7 delegates of the left voted for the Democratic Action and 2 for the MEP. The AD won 5 seats on the FEDEPETROL Executive Committee, the COPEI 3 and the MEP 2. Before voting began, the assembly unanimously approved expansion of the Executive Committee from 7 to 10 members.

Present at the voting (secret and direct) were CTV leaders Antonio Rios, Sotero Rodriguez, Federico Ramirez Leon, Cesar Olarte and Casto Gil Rivera. An hour after the event was over, the new FEDEPETROL president, Raul Henriquez, suffered a dizzy spell which his attending physician labeled as "stress" resulting from the exhausting campaign of recent days. A half hour later, Henriquez was speaking normally with all his supporters in the conference rooms of the Avila Hotel.

Raul Henriquez said that all kinds of machinery is already being put into place so that the oil unions will march as they did before, with all necessary vigor, affiliated with the companies that elected them, because they cannot turn their backs on reality. They must keep in tune with events. There will be active and militant solidarity with CTV projects in order to overcome problems affecting the workers and the socioeconomic difficulties the country is suffering.

Change in Union Structure

Henriquez said that the change in trade union structure was of real and cardinal importance, so that the national trade unions might emerge in the different industries, inasmuch as this responds to the criterion of modern trade unionism.

This will mean a revitalization of the working class so that it may demand its participation in all decisions that the National Government might take in solving economic and social problems.

For Henriquez, his position as the main leader in the PDVSA [Venezuelan Petroleum, Inc.] representing the workers is not incompatible with his current post as president of FEDEPETROL. However, he added, mechanisms have been provided and the alternate director in the PDVSA, Aristides Bermudez, can attend meetings of the board of directors whenever necessary.

"Only recently have denunciations of irregularities in COFIPECA [Petroleum Financial Corporation, Inc.] and other enterprises belonging to FEDEPETROL perhaps affected the prestige of the oil workers' organization," Henriquez said.

He noted that the CTV had appointed a commission to investigate everything relating to the activities and internal situation of enterprises belonging to the oil trade union movement. In addition, he said, "we are going into the events that have occurred in all enterprises intervened by the government."

Henriquez believes that the Executive Committee of FEDEPETROL, along with the CTV, seeks a different type of administration for these enterprises, without FEDEPETROL separating from them completely. The intention is for trade unionists not to manage them directly and to have them headed by administrators familiar with the business, while being accountable, always with FEDEPETROL supervision.

For the new president of FEDEPETROL, a federation with as much activity as the oil organization cannot attend to these administrative affairs and simultaneously devote itself to trade union activity. Henriquez said that this came about because of excessive confidence on the part of a manager of an enterprise that was beginning to fail. He added that these mistakes did not endanger the holdings of FEDEPETROL. The situation was further complicated when there was a lack of liquidity and now the recovery of those holdings will be a little slower.

In addition to the Oil Financial Corporation (COFIPECA), founded in 1973 and intervened by the Banking Superintendency, the other enterprises belonging to FEDEPETROL are: Piramides de la Pomona, a group of 14 buildings in 6 towers, with 789 units and an investment of 350 million bolivars, located in Maracaibo, has been paralyzed for 18 months. The Raul Leoni tourist complex in Pampatar has a 10-storey central building with 450 units, cabins and a motel, making an investment of 280 million bolivars. The Cardon urban development was built in partnership with MARAVEN [subsidiary of PETROVEN (Venezuelan Petroleum)], made up of 188 units. The housing units are already being allocated. The Horizonte development in Cabimas has been paralyzed for over 2 years. There are major flaws in the structure's construction and the value of the investment is not known.

One More Unemployed

Carlos Alberto Pinerua, former president of FEDEPETROL, was having lunch with a few friends, far from the commotion of the event. His first statement was: "For the time being, I am just one more unemployed person," and he explained the reasons for his defeat.

"Two elements combined in the most interesting fashion. First of all, I was on the brink of death due to a cancer that was eating me up. They wanted to show that I was not physically fit to hold the post. Actually, I had a disease that was treated in time by Venezuelan and American doctors, who have returned me to health.

"Second came the failures of COFIPECA. That is an organization of collective leadership, including the comrade who has been chosen to head FEDEPETROL and in which the COPEI and the MEP also participated. In other words, the simplest compass could at any time determine the direction of the trade winds that would uproot me."

Pinerua tasted his soup and continued: "I do not yet have enough information to ascertain why the votes went against me, which were not in keeping with the spontaneous offers of many delegates who potentially provided more than enough to keep me in office. If FEDEPETROL did not exclude me, how could they, within my party, choose a man who had been part of the Executive Committee of FEDEPETROL in recent years?"

Pinerua added: "It would appear that mysterious forces ousted me from FEDEPETROL."

Sulpicio Ventura Quero, former secretary general and currently secretary-treasurer, a presidential candidate for the COPEI list, said that they will present a document containing certain action to be implemented. One of the stipulations is that all members of the Executive Committee must perform their functions. Other provisions would include holding a monthly meeting of FEDEPETROL, as the statutes stipulate.

Ventura Quero criticized the fact that financial activities outside of FEDEPETROL should be headed by trade union leaders. He said that denunciations of COFIPECA are the result of poorly advised executivism. He specifically referred to the president, vice president and director of administration of FEDEPETROL, now out of office, who made decisions without the knowledge of the board. He gave as an example the fact that 30 million bolivars were taken out of the Labor Fund in order to invest them in the Raul Leoni tourist development in Pampatar, without the knowledge of the board.

Ventura Quero added "that the money is not lost because it has backing of 150 million bolivars, but what should be criticized is the fact that that money cannot be taken out without the knowledge and discussion of the Executive Committee. He added, concerning the election, that there was no possibility of a pact with the MEP because "we could not offer it what the AD offered."

Who Is Henriquez?

Raul Henriquez, new president of FEDEPETROL, has never made the headlines, but the organized labor movement knows him well. A 74-year-old native of Cora, at the age of 25 he was co-founder (1936) of the powerful Cabimas oil union. Since 1938, he has been involved in labor demands. He has always belonged to the AD and been a trade unionist. Only twice and then for just a short time has he been involved in other activities. He was a junior correspondent for the daily PANORAMA in Cabimas and an official at the Venezuelan Consulate in Curacao.

He has attended courses and trade union seminars at Washington and Rutgers universities in the United States. He has participated in oil congresses in Caracas, Colombia and Singapore. In 1980, FEDEPETROL elected him secretary of labor and demands and director of Venezuelan Petroleum. In 1983, he was elected alternate senator and in 1984, was appointed by the National Executive as principal director of the PDVSA, representing the workers.

When asked to explain his victory, he said: "In time, the people realize the conduct of a labor leader, but in any contest, someone has to win."

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VENEZUELA

EDUARDO FERNANDEZ CRITICIZES PRESIDENT'S SPEECH TO CONGRESS

Caracas EL NACIONAL in Spanish 15 Mar 85 p A-4

[Article by Eduardo Fernandez]

[Text] They promised us a short and distinctive speech, but they gave us a long and ordinary one. We listened to the chief of state with all the respect his high office commands. Unfortunately, we regret the fact that he wasted a chance to make a modern, conceptual speech rid of the rituals of the past. The president himself had taken it upon himself to rouse expectations, recalling the times he spent yawning in Congress over presidential rhetoric and tedious sermons. Obviously, he has been unable to sidestep tradition.

In a country such as the United States with a presidential system like our own, Congress annually receives the chief of state for the State of the Union address. That speech never lasts more than 45 or 50 minutes. Naturally, the American President is not going to waste his time speaking about kilometers of piping or sewage systems. The State of the Union is a conceptual address on the most noteworthy issues of the day. Presidential dignity is not compatible with the detailed grocery lists which our presidential speeches frequently constitute.

Outside of this circumstance, which is not only formal but substantive, the extensive oratory did not manage to conceal the very negative realities of the current administration, impossible to hide because they are precisely what strikes one the most about the daily lives of the Venezuelan people. All the official literature and all the millions of bolivars spent on publicity cannot invent a reality different from the one in which we are living.

This year, the most acute problem perceived by the people and reflected in all the polls has been unemployment. This is confirmed by official statistics as well. Actually, the Central Bank of Venezuela reports that the average level of open unemployment went from 10.1 percent in 1983 to 12.4 in 1984, meaning an increase of 36.6 percent. This also means that in 1984, there are 180,000 more persons out of work than in 1983.

In order of importance, the second problem with the most impact on the people is the high cost of living. The current government promised a policy of full employment and promised to face the matter of the cost of living. Well, the cost of living has practically tripled this year, going from 6.3 percent in 1983 to 16.9 in 1984, an increase of 168.2 percent. Food and beverages, the

category most directly affecting the quality of life of the low-income groups, went from 7.3 percent in 1983 to 26 percent in 1984, an increase in the index of 256 percent.

What the people least understand and suffer from the most, particularly the lower income groups and the middle class, is the increase in cost of basic foodstuffs.

However, what is most serious is that the government promised to "get the country on its feet" and in the first year of its administration, the GNP showed negative growth of 1.7 percent, while the internal component dropped 1.9 percent. The government did not revive the economy even with a budget of expenditures amounting to 103 billion bolivars. In other words, in 1984 the AD government spent some 25 billion bolivars more than the previous government had done in 1983 and despite this fact and the support of the communications media, Congress, the CTV [Confederation of Venezuelan Workers], FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry] and an election majority, it was unable to awaken confidence and get the country moving, as it had promised during the election campaign.

Nor did the administration keep its promise of governing with greater austerity. The analysis of fiscal spending tells us that in 1984, regular spending rose by 12 percent compared with 1983. Among regular spending, personnel expenditures, which should have been reduced by massive layoffs of government employees and a hiring freeze, rose 5 percent!

Despite the increase in public spending, the construction and housing sector, considered to be the key to the economy and the revival, was affected negatively in 1984 and in a very significant way. The private construction sector, which built an average of 42,000 units a year from 1979 to 1983, barely managed 19,600 units in 1984. In other words, it reduced its activities by 39 percent compared with 1983.

For its part, the public sector, with an annual average of nearly 38,000 units a year for the previous 5-year period, reduced production by 37 percent in 1984 compared with the previous year.

President Lusinchi said in his speech that the Venezuelan crisis could be overcome. We could not agree more with that phrase. Naturally, it can be overcome! But to do so, one needs a basic political change and a real change in government leaders! We still have time.

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VENEZUELA

DISCIPLINARY MEASURES AGAINST MONAGAS, GODOY CRITICIZED

Caracas EL DIARIO DE CARACAS in Spanish 24 Mar 85 p 20

[Text] Justice and politics in this country are sometimes marked by disconcerting decisions. A warrant was issued for the arrest of Bayardo Ramirez because he expressed an opinion on narcotics trafficking or the use of drugs. A judge in Tachira was offended and ordered the arrest of the distinguished jurist, who is the author of works on drug crimes in Venezuela and of many articles and legal works on that terrible scourge afflicting our country. Lt Col Luis Alfonso Godoy was also the object of a measure handed down by President Lusinchi and military authorities. Godoy was retired as an officer in our armed forces for having been guilty of a lack of discipline in the military institution. Godoy denounced three former ministers of defense, accusing them of administration corruption and that trial is now before the military courts. After many months, the president has discovered that Godoy has been guilty of violations of military discipline and has retired him from the armed forces.

Between Bayardo and Godoy, there is a great deal to be said about the state of law, the effectiveness of the Judicial Branch, the fight against narcotics trafficking, administrative corruption, military discipline, political belligerence in the armed forces and the disease of politics as a factor contaminating justice!

Bayardo Ramirez Monagas provoked the irate reaction of a San Cristobal judge because he published an article in EL DIARIO DE CARACAS commenting on the judge's sentence in a trial of drug traffickers. The judge went into a rage over the jurist's opinions and could think of nothing other than to order his arrest, as if we were under a dictatorship or if the members of the Judicial Branch were untouchable and infallible. It would have been logical and proper for the San Cristobal judge to take the dispute to another court because ruling against Bayardo turned the matter into a simple case of seeing the plaintiff and the judge united in the same person. It would have been more sensible for the district attorney or the Judicial Council to rule on the conflict. But to top it all off, the president of the Bar Association, Luis Guillermo La Riva Lopez, abstained from expressing an opinion on the case of his colleague Ramirez Monagas.

With Godoy, it is a different matter, but it perhaps has some relationship to the measure suffered by Bayardo. Godoy denounced irregularities and corruption in the defense establishment. The courts echoed his denunciations and the former ministers accused were brought before the court. I do not believe it is a lack of discipline to point out an irregularity. Godoy did his duty. It would have been more serious to cover up the crime. It is a very grave precedent because without any doubt, it encourages corruption,

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